

Chapter I. A historical outline	
1. The importance of the past	1
2. The central subject of Poland's trade before the partition	2
3. The partition	3
4. The Great Partition of Warsaw	11
5. The "Congress" Kingdom of Poland	14
Chapter II. The economic structure of partitioned Poland at the beginning of the XXth century	
1. Area and population	20
2. The national wealth	21
3. Agriculture	23
4. Mining and industry	25
5. Summary	30
FOREIGN TRADE OF POLAND BETWEEN 1918 - 1939, WITH SPECIAL REFERENCE TO THE TRADE WITH BRITAIN.	
Chapter IV. The economic reconstruction	
1. The general conditions of this period, 1918 and	40
2. First steps towards recovery	42
3. Progress	50
Chapter V. The legal provisions	
1. The first provisions regulating the foreign trade	50
2. The customs clause of the Peace Treaty	52
3. The unification of the Polish tariff system	54
4. The regime of the foreign trade	58
5. Constitutional provisions regarding foreign trade policy	71
6. The Free City of Danzig	72
7. The League of Nations	77
8. The League of Nations and the Polish market especially from the point of view of trade with Great Britain	84
9. The actual imports and exports	86
10. The share of Great Britain	91
Chapter VII. The foreign trade policy of the recovery period	
1. Treaties and conventions	96
2. The commercial treaty with Great Britain and the commercial convention	99
3. The foreign trade policy of the recovery period	99
4. The landmarks of the foreign trade policy	106
5. The direct reparations and monetary reform	108
6. The financial stabilization and the prosperity	108
7. The beginning of the economic depression	112

Thesis presented for degree of Ph.D.

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June, 1943



-C O N T E N T S.

	Page
<u>INTRODUCTION.</u>	
<u>Chapter I. A historical outline.</u>	
§ 1. The importance of the past.....	1
§ 2. The general outlook of Poland's trade before the parti- tions	2.
§ 3. The partitions	8
§§4. The Great Dukedom of Warsaw	12
§ 5. The "Congress" Kingdom of Poland	14
<u>Chapter II. The economic structure of partitioned Poland at the beginning of the XXth century</u>	
§ 1. Area and population	20
§ 2. The national wealth	21
§ 3. Agriculture	23
§ 4. Mining and industry	25
§ 5. Summary	30
<u>Chapter III. The 1914-1918 war</u>	
§ 1. The occupation rule	36
§ 2. The war devastation	37
<u>PART I. RECOVERY./1918 - 1924/.</u>	
<u>Chapter IV. The economic reconstruction</u>	
§ 1. The general conditions of this period, its end	40
§ 2. First steps towards recovery	43
§ 3. Finance	50
<u>Chapter V. The legal provisions</u>	
§ 1. The first provisions regulating the foreign trade	60
§ 2. The customs clauses of the Peace Treaties	62
§ 3. The unification of the Polish tariff system	64
§ 4. The regime of the foreign trade	68
§ 5. Constitutional provisions regarding foreign trade poli- cy.....	71
§ 6. The Free City of Danzig	72
§ 7. Upper Silesia	77
<u>Chapter VI. The volume of the foreign trade and its flow.</u>	
§ 1. The import needs and export possibilities	80
§ 2. Peculiarities of the Polish market especially from the point of view of trade with Great Britain	84
§ 3. The actual imports and exports	88
§ 4. The share of Great Britain	91
<u>Chapter VII. The foreign trade policy of the recovery period</u>	
§ 1. Treaties and conventions	93
§ 2. The commercial treaty with the United Kingdom and the commercial convention with France	94
§ 3. An estimate of the foreign trade policy	98
<u>PART II. THE PROSPERITY PERIOD./1924 - 1931/.</u>	
<u>Chapter VIII. The general economic conditions of this period.</u>	
§ 1. The landmarks of the second period	105
§ 2. The direct repercussions of the monetary reform	105
§ 3. The final stabilization of zloty and the prosperity ..	108
§ 4. The beginning of the economic depression.....	112

§ 5. The economic situation of Poland in the second period. .114
Chapter IX. The new regime of the foreign trade.

§ 1. The Law of July 31, 1924, concerning the regulation of
the tariff regime122

§ 2. The Tariff of June 26, 1924124

Chapter X. The customs war with Germany.

§ 1. The general background127

§ 2. The economic repercussions of the customs war with
Germany132

§ 3. The Polish-German commercial treaty of 1930134

Chapter XI. The volume of the trade and its flow.

§ 1. General remarks.137

§ 2. Actual imports140

§ 3. Actual exports144

§ 4. The relations with Great Britain154

§ 5. The dispersion of Polish foreign trade161

Chapter XII. The foreign trade policy of the second period.

§ 1. Treaties and conventions164

§ 2. The methods of Government trade policy165

§ 3. An estimate of the trade policy of the second period .173

PART III. THE CONTROLLED TRADE. /1931 - 1939/.

Chapter XIII. The changes in the general economic situation
and Poland's foreign trade182

§ 1. The internal measures against the crisis182

§ 2. The uprise from crisis and the industrialisation ef-
forts189

§ 3. The indirect protectionism and Poland's foreign trade.191

Chapter XIV. The regulation of Poland's foreign trade in the
third period

§ 1. New tariff from 1932 and the new customs law from 1933.199

§ 2. The administrative apparatus202

§ 3. The functioning of the control of trade204

§ 4. The position of Danzig in the third period210

§ 5. The introduction of the control of exchange and the
changes in the control of the foreign trade212

§ 6. The commercial agreements of this period and the end
of the tariff war with Germany216

Chapter XV. The volume of the foreign trade and its flow.

§ 1. Introductory general remarks220

§ 2. Actual imports221

§ 3. Actual exports228

§ 4. The dispersion of Poland's foreign trade.....223

Chapter XVI. The trade with Great Britain239

§ 1. The turnover of goods239

§ 2. New legal bases of Polish-British commercial relations242

Chapter XVII. An estimate of the foreign trade policy of the
third period.247

SUMMARY AND CONCLUSIONS252

Appendix No 1. Map of Poland272

Appendix No 2. Commercial treaty concluded between Prussia
and Poland on March 8, 1775.274

Appendix No 3. Temporary provisions for import and ex- port quotas for both German and Polish parts of Upper Silesia in terms of the Geneva convention	276
Appendix No 4. Principal items of Poland's balance of payment	280
Appendix No 5. Imports and exports, by principal countries..	281
Appendix No 6. Imports, by principal articles	282
Appendix No 7. Exports, by principal articles	283
Appendix No 8. List of commercial treaties, conventions etc. concluded by Poland in 1918-1939.....	284
List of reference books, reports etc.	295.

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INTRODUCTION

CHAPTER I. A HISTORICAL OUTLINE.

§ I. The importance of the past.

There are few countries for which a knowledge of their past is so essential for an understanding of their present as Poland.

This dependence on the past is not manifested by the normal growth of an economic national unit or by the evolution of the present situation by slow, systematic historical processes. It takes the form of the most unusual interruptions of the normal development of a nation, by the most diverse conditions in certain periods of the national and economic life, twisted and distorted to the utmost by the external pressure of factors foreign to the Polish community, factors which influenced Polish existence long after their disappearance.

Such is the peculiarity of Poland's position, a peculiarity which must always be borne in mind by any^{one} who wishing to get a proper and exact picture of the reality undertakes an investigation of the Polish present.

Naturally it is not possible for an investigator of one of Poland's economic problems to study thoroughly the whole complex of questions concerning the Polish past. But surely it is possible and even necessary to obtain the esgeneral knowledge essential to an understanding of the foreign factors, influencing Poland's destiny, and to investigate their influence in this sphere in a more detailed manner.

These factors have one common source - the loss of independence by Poland in the second half of the XVIIIth century.

They may be divided as follows:

1/. The breaking-up of the Polish economic unit, which took seven hundred years to form, into three separate parts, as a direct result of a political partition between Prussia, Russia and Austria.

2/. The development of the three parts of Poland in different directions for more than one hundred years within the framework of foreign and far larger economic units.

3/. The lack of influence exercised by the Polish population on the political government of these economic units, to which these parts of Poland were forced to belong. Polish economic questions were therefore treated from the angle of the interests of an occupying Power and the true needs of the Polish inhabitants were neglected for the sake of the ruling nation.

4/. The enormous burden imposed upon the newly formed Polish economic unit after the recovery of its independence in 1918 as a result of the influence of the above mentioned factors along with war destruction.

§ 2. The general outlook of Poland's trade before the partitions.

In order to realize the true significance of the partition of Poland for Polish economic life and its later development it is useful to have a look, although quite a general one, at the essential features of Poland's trade before the partitions on the one hand and the process of its disruption brought about by the political changes, on the other.

In Roman times the most important trade of the Polish terri-

tories followed the course of the so-called Amber road which crossed Poland from South to North^{1/}. The great demand for amber and the relative scarcity of this material caused the Greek, Tuscan, Roman and Arabian traders to venture in their commercial travels as far as the Baltic coast. They exchanged manufactured goods and often their coins for amber and thus caused the money of their countries to circulate on Polish territories. Archaeological researches confirm the tradition of the Amber road handed down by different geographers and historians, such as Herodotus Ptolomaeus etc.

When Europe began to organize her trade after the political consolidation of mediaeval times, Poland's trade relations with other countries were influenced by this circumstance. From the first half of the XIIIth century the principal commercial, namely the Prussian road^{2/}, led from Hungary and Poland to Flanders through Koszyce, Nowy Sącz, Bochnia, Kraków, Piotrków, Toruń, Gdańsk /Danzig/ and the Baltic Sea^{3/}. The second important road established in the beginning of the XIVth century connected Poland and other European countries with the East. It went from Gdańsk diverging in Toruń into two tracks, one on the right bank of the Vistula through Toruń- Lublin, and the second on the left bank through Toruń-Brześć Kujawski, Radom, Sandomierz, both meeting in Lwów. From this town, which became a great centre of Polish and

1/. Jan Rutkowski. Histoire économique de la Pologne avant les partages. Paris. 1927.

2/. From the Slavonic Northern tribe "Prus" whose name after their final extermination in the XIVth cent. stuck to their German exterminators.

3/. See Appendix No. I.

European trade with the East, the road went to the South of Russia, the Black Sea and the Caspian Sea, thus connecting Persia, India and China with Europe.

From Lwów there was also an important branch of this road which led to Breslau through Kraków /Cracow/.

Kraków was also connected with South-West Europe by the roads leading to Prague and Vienna and from thence on to Italy.

From the middle of the XVth century the waterways gained in importance owing to the improvement in agricultural production and to the growing volume of agricultural exports, together with the abolition of the legal and material obstacles to river navigation by the Act of Parliament of 1447.

I/
The tariffs were revenue raising. The oldest existent tariffs were contained in the commercial convention with the Teutonic Knights/1238/ which established free transit for their goods and customs duties for their traders.

From the end of the XVth century the importance of the roads linking Europe with the East began to decline owing to the geographical discoveries and to the switching of world trade to the Ocean routes. Poland lost her importance as a commercial centre of the Eastern trade and also as a route for this trade.

The gradual occupation of Hungary by Turkey also cut the road linking the Baltic with the Mediterranean. This road ran through Poland from South to North.

This was the essential cause of the decline of the Polish

I/.Prof. Sta. Kutrzeba. Tarify celne i polityka celna w Polsce od XIII do XV wieku. Warszawa. 1902.

towns and also of the Polish bourgeois.

But at the same time Poland gained a new position as one of the world's principal producers of corn and timber. The Polish Commonwealth after the union with Lithuania concentrated on agriculture. Therefore it was necessary to transport these bulky products by waterways and by sea. Thus most of Poland's trade was carried on through Gdańsk/Danzig/, using the river Vistula as the most convenient route, while some of the north-eastern parts, especially Lithuania, also used the ports of Riga and the neighbouring towns.

I/
The following data illustrates this development:

Table I.

The export of Polish corn through Gdańsk /Danzig/.

Year	Tons
1490	24.500
1717	289.200
1891-1900 /yearly average/	100.818

The tariffs became more specialized. The essential features of this period of the agricultural export trade/ from the end of the XVth century until the partitions in the second half of the XVIIIth century/ were as follows:

I/. The tariffs were calculated theoretically ad valorem. Their value was not that of the market price, but was fixed according to the specification lists which contained about 1 500 articles. Their aim was purely fiscal.

I/. Guide du Commerce Mondial. Section Pologne - Edward Rose. Varsovie. 1922.

2/. Tariffs were reduced to the extent of 50% for Polish citizens.

3/. The products of and for the estates of the nobles were completely exempted from tariffs. This privilege became more ruinous for the traders when the tariffs were increased.

4/. The practical monopoly of the Gdańsk/Danzig/ traders as agents of Poland's foreign trade, a monopoly conferred upon them by the geographical situation and also by the trade privileges granted to them by Polish kings. The most important of these privileges was perhaps the right of forbidding the export of cereals in order /theoretically/ to prevent their scarcity. Practically this privilege enabled Gdańsk/Danzig/ to keep down the prices of exported cereals.

Two following examples illustrate the operation of the
I/
tariffs:

I/. The tariff from 1629 established export duties/evec-ta/ amounting to 4% ad valorem on goods exported by foreigners, 2% on goods exported by Polish citizens.

2/. The tariff from 1643 established an import duty amounting to 4% ad valorem.

The income from these duties was divided between the King's private Treasury and that of the State.

The customs schedules from 1676 were amended in 1685 and reprinted in 1772. This indicates rather a peculiar stabilization according to modern ideas. The schedules established customs du-

I/ Cf. Rutkowski.

ties for imports at 6% and for exports at 8%, while the duties for foreign exports and imports were fixed at 12%. The export duties were higher than the import duties. This is the best proof of their purely fiscal character, on the one hand, and of the strong economic position of Polish exporters on the world market, on the other.

The first efforts to assist the expanding industries took the form / in the second half of the XVIIIth century/ of exemptions from internal taxes etc.

The well established and flourishing Polish corn and timber trade through Gdańsk/Danzig/ was a thorn in the flesh of greedy Prussian kings. They calculated what immense profits could be gained by imposing customs duties on this trade or even better by taking it over and thus at the same time assuring the extensive Polish market for their new, painfully and carefully created manufacturing industries. These economic incentives tallied perfectly with their political aims of the "Drang nach Osten". This has been the First Commandment of the German rulers for a thousand years.

The first important attempt in this matter was undertaken by Frederic the Great who between 1764-1766 established a customs office in Kwidzyn/Marienwerder/, the only place where the Prussian State touched the Vistula. This office levied a customs duty, amounting to 10% ad valorem on every article transported on the Vistula in either direction.

It was a severe blow to the Polish trade. Owing to the poli-

tical misunderstandings with Russia who was jealous of this new source of income , Frederic was forced to close this entirely unlawfully established customs office after a short period.

One can draw the following conclusions from this summary:

1/.Poland became a strong ,well established world producer of corn and timber.

2/.Poland's economic situation was always closely interconnected with the economic development of the entire European area

3/. § 3. The partitions.

This is no place for a thorough analysis of the causes of Poland's partitions.They must be taken as matters of fact and the explanation must be limited to their economic repercussions.

Owing to the first partition off Poland in 1772 Prussia annexed the Polish western and northern provinces, especially Pomerania,thus cutting Poland from her sea outlet.Gdańsk/Danzig/ retained her autonomous status of a free town, depending theoretically on Poland but actually separated by the newly annexed Prussian provinces.

The easiest way to understand the economic meaning of this partition is to consider a short account of the commercial treaties concluded on the basis of the political partition treaties together with the amount of the territorial losses. These losses amounted to 72 411 square miles i. e. to 30% of the total territory. Owing to the homogeneity of the Polish economic structure this percentage provides a good index to the extent of the loss. But the loss of the outlet to the sea proved to be an outstanding

and disastrous factor.

The treaty with Prussia was concluded on March 18, 1775. The text of the treaty was presented to the Polish delegation in the form of an ultimatum and they were forced to accept it without any changes. As it is a very interesting example of a brutal and ruthless exploitation of a militarily weaker State by a stronger one the full text of this treaty is given in Appendix No 2.

It is therefore sufficient in this place to give the essential features only of this act :

1/. Prussia was to charge a duty of 2% on goods of Polish and Prussian origin on their import from or export to Poland and Prussia. Poland could not charge a duty of more than 2% on Prussian imports and goods in transit which meant an appreciable reduction from the former 6% import duty.

2/. Goods exported from Poland were to pay 12% transit duty, if permitted to pass, because Prussia could forbid the transit of Polish goods essential for her industry e.g. timber, raw hides, seeds, threads.

3/. Goods other than Prussian imported into Poland paid 12% transit duty.

4/. In order to facilitate the acquisition of silk and fine linen goods several Prussian towns were to stock them for sale. A duty of 4% was then charged on their purchase by the Poles and in addition Prussian goods amounting to 50% of their value had to be bought at the same time.

5/. The city of Gdańsk /Danzig/ was to be treated in the same way as Poland.

It can be seen that the real aims of this treaty were to extort as much money income from Poland as possible and to establish a Prussian trade monopoly in the Polish market. The practice was even worse than the treaty provisions. The Prussian customs office on the Vistula charged transit duties of more than 12%. This was done by placing a false valuation on the goods. At the same time the duties on the goods passing through the Prussian port Elbingen were reduced to 2%. The second Prussian customs office established in Neufahrwasser/at the outlet of the port of Gdańsk/ levied another duty on Polish exports, thus increasing them to 20%.

The commercial treaty with Austria concluded on March 16, 1775 was not particularly prejudicial to the economic interests of the ~~inde~~pendent part of Poland.

It established for both parties the same customs duties for imports, amounting to 4% ad valorem, the export duty being 5/12% and transit duty only 1%.

The treaty with Russia concluded on March 15, 1775 was relatively favourable. It maintained the status quo of the customs duties established in the tariff of 1676 and granted several facilities to Poland such as the privilege of free import of salt from Riga, free trade between Lithuania and Riga and free navigation on the Dźwina.

The tariff on the Polish south-eastern frontier with Russia and Turkey, established in 1784, imposed import duties of 4% ad valorem and export duties of 1% ad valorem.

It can be easily proved from the text of these commercial treaties that the Prussian policy differed sharply from that of the other two occupying Powers. Prussian economic policy aimed at the complete destruction of what was left of the Polish economic unit. This policy did all that was possible to assure the utmost economic exploitation not only of the annexed provinces but also of still independent part of Poland. It is true was most favourably situated to carry out a policy of this kind that Prussia as she occupied the part of Poland now known to German propagandists as "the Corridor" and thus deprived Poland of her own outlet to the sea.

The behaviour of Russia from the economic point of view was least aggressive, owing to the undeveloped state of the Russian economy and to the fact, that Russia had in fact the greatest political influence in the independent part of Poland.

The general trend towards Polish regeneration was accentuated as a result of the blows of the first partition, regeneration which was manifested also in the economic field. Parliament reestablished general customs duties in 1775, thus bringing about equality among all classes of the population in their commercial activities and by this abolition of the privilege of the nobles enabling the public finances to be re-established on a sound footing. But it was too late. Prussia tightened her grip on Poland and profiting from her key position gained by the Polish Pomeranian provinces, used every possible means to destroy Polish trade. Prussia's Baltic policy of ruining Polish trade began to inconvenience Britain. Faced by the possibility

of war with Russia in 1789, Britain endeavoured to replace Russian raw materials by Polish.

The planned development of the port in Połaga in Lithuania was a failure and Prussia by her prohibitive transit duties and other specially devised administrative measures made the export of Polish goods through Gdańsk impossible.

Britain then tried to find a way out of this dilemma. She suggested that Poland should cede to Prussia Gdańsk and Toruń^{I/} in exchange for the free use of the port of Gdańsk by Poland and the reduction of transit duties to 4% ad valorem.

This proposition was rejected by the Polish Parliament, which by this time had a good idea of the value of any concessions granted by Prussia in any treaty concluded with a weaker party.

The partitions in 1793 and 1795 finally put an end to the Polish economic unit for a long time.

§ 4. The Great Dukedom of Warsaw.

The Tilsit treaty of 1807 created the Great Dukedom of Warsaw as a part of the Napoleon's "New Order" of Europe. This was a partial fulfilment of Napoleon's promise to reconstruct Poland.

Naturally this political entity, which was only a small fraction of the former Polish Commonwealth, was completely dependent on the trade policy of the French Empire. Therefore it was included in the continental blockade, ordered by the famous

I/ The principal town of Pomerania, an important port on Vistula.

Berlin decree from September 21, 1806.

The general customs schedule^{I/} from April 15th 1807 strictly forbade the import and transit of all goods of British origin, even if the goods came from countries other than Britain and her colonies. In order to ensure that decree was carried out all colonial merchandise and goods of British origin were seized and latter were confiscated.

The customs duties on imports amounted to 6%, on exports to 2%. Naturally French imports /and from 1811 Dutch/ were privileged and paid only 1%.

The life of this political unit was very short and its structure was fragmentary. Therefore it could not have any real influence on Poland's economic development. But even under such difficult conditions efforts to readjust the one-sided Polish economic structure may be noted. Several decrees were issued having as their aim the development of commerce and industry, both of which were badly needed in agricultural Poland. In comparison with other European countries Poland was very backward. At this time for example the iron industry was encouraged. Iron manufactured goods were exempted from export duties but at the same time pig-iron and iron ore were subjected to export duties while they could be freely imported.

Foreign manufacturers, craftsmen and qualified agriculturists were granted a period of 6 years' residence free of taxation and they were exempted also from military service.

I/. Thomas Chełmiński. Le problème douanier en Pologne. Paris. 1936.

All these measures were interrupted by the political events which followed the collapse of Napoleon's Empire. The Dukedom of Warsaw was occupied by Russian armies.

§ 5. The "Congress" Kingdom of Poland.

The Vienna Congress of 1815, which established "the reign of order" in Europe, had to solve the very awkward moral problem of the partitions of Poland. The political situation and especially the influence of the occupying Powers did not permit the resurrection of Poland. As the result of a compromise between the human conscience and opportunism the Kingdom of Poland was created out of the central part of Poland, which none of the three States had occupied for a longer time than any other. But although theoretically independent, this small Kingdom was completely dependent on Russia, the Tzar of Russia being a King of Poland, limited in his power by the constitution.

The Congress of Vienna tried also to save its face in the solution of the Polish economic question. This was done with even a still larger gesture.

I/

The Vienna treaties between Russia, Austria and Prussia guaranteed the free exchange of goods between all parts of Poland in accordance with the status before 1772.

Art. XXVIII of the Russo-Prussian treaty with the usual hypocrisy stated that: "In order to ensure the greatest cultural development of all parts of former Poland and in order to foster the industries of the inhabitants and to ensure their welfare -

I/. Cf. Chełmiński.

both High contracting Parties, being anxious to avoid any doubts as to their benevolent and paternal intentions, pledge themselves to permit in future and for ever the circulation of any agricultural or industrial products originating from their Polish provinces / as they were before 1772/ between the said provinces^h

The same treaty ensured free navigation on the Polish rivers, free access to the sea through Prussian ports on the Baltic and free transit of goods throughout all Polish territories.

On the initiative of Tzar Alexander I the Final Act of the Vienna Congress in art. XIV declared that the principles of free navigation on the Polish rivers, free access to the sea through the Prussian ports on the Baltic, free exchange of agricultural and industrial products between the former Polish provinces as well as free transit - would be maintained for at all times.

These regulations and provisions, if introduced, could have been of great value to Polish economic life as they would have maintained economic unity and would have forwarded the commercial expansion of Central Poland. It would also have helped agricultural exports through the Vistula and the Baltic ports.

But at the same time these provisions were potentially dangerous. The infant industries of Central Poland, created in the second half of the XVIIIth century and throughout the few years of independence of the Dukedom of Warsaw, could be imperilled or even destroyed by the strong Prussian industry, penetrating through the Prussian provinces of Poland. It was impossible in practice to distinguish the Prussian products from those of

the Polish provinces.

Prussia was the first to repudiate all her treaty obligations. Immediately after signing numerous Vienna treaties she incorporated her Polish provinces into her customs territory, while at the same time she established a customs barrier between them and the other Polish provinces occupied by Russia and Austria.

After this action the international commission was called at Warsaw in order to elaborate the executive provisions of the Vienna Congress principles regarding Polish economic unity and the free circulation of goods.

As the result of the long bargaining which took place between Prussia and Russia, both countries trying to gain something for themselves on this occasion, the convention was concluded on December 19, 1818 at St. Petersburg.

The convention practically abolished all the provisions of the Vienna Congress by keeping the customs frontiers the same as the political ones. Notwithstanding the perpetual declarations about free trade the transit duty of 1.5 - 3 % was introduced for agricultural products exported through Gdańsk /Danzig/ along with the condition that all business should be conducted through the intermediation of Prussian traders. The big reductions of the import duties on leather, woollen and linen goods caused the Polish market to be flooded with Prussian products.

The convention between Russia and Austria maintained the transit tariff from 1788 and was based upon the most favoured nation clause.

The annexed parts of Poland could not show their peculiarities and therefore it is ^{not} necessary at this time to pay any attention to them.

But the theoretically independent, practically autonomous Kingdom of Poland , popularly called till now "the Congress Kingdom", should be considered.

Russia was undecided as to the kind of economic policy to adopt towards the Congress Kingdom. At the beginning there existed a customs frontier between Russia and the Kingdom. It was abolished in 1819 when the policy of liberal trade was initiated instead of a prohibitive system. This customs union was in some respects dangerous on account of Russian concessions in favour of Prussian trade, but it also helped Polish industry by opening up of a new market. After some years the Russian liberal trade policy was abandoned. In 1822 Russia denounced her trade convention with Prussia and introduced new prohibitive tariffs. This protective tendency was evident in her relations towards the Congress Kingdom. Russia was afraid of the competition of Polish industry and in order to increase its difficulties reestablished the customs barrier between the Congress Kingdom and herself, thus granting to it an economic autonomy. Polish-Russian trade regulations were favourable to Poland owing to political influences , the date of the conference of the three Monarchs in Verona being near. These regulations were based on the principle of reciprocity.

The import of raw materials was reciprocally free, even without certificates of origin.

The import of goods manufactured in Poland from Polish raw materials and in Russia from Russian raw materials had to pay 1% ad valorem customs duty. In the same way goods manufactured from foreign raw materials had to pay the 3% duty. There were several less important exceptions as e.g. the prohibition on the imports of Polish sugar and the 25% customs duty on the imports of Russian sugar for 3 years.

Difficulties were raised by the Russian Ministry of Finance. They were overcome by the famous Polish Minister of Finance Lubecki who is acknowledged as the "father" of the industry of the Congress Kingdom.

But far greater danger threatened from Prussia. The denunciation of the trade convention by Russia was a severe blow to Prussian trade. Thus the customs war between two States broke out. Naturally it had repercussions on the situation of the Congress Kingdom. Prussia tried to extort profitable conditions by exercising pressure in the easiest way i.e. by increasing the transit duties on the export of Polish agricultural products which were bound to pass through the Prussian Baltic ports. The customs duty was thus increased from 1.5-4.5% to 8-26% for import duties and also for transit. Polish agricultural export was completely paralysed.

In this difficult situation minister Lubecki took an important decision. By accepting the challenge he chose the interests of Polish industry and refused to sacrifice it to Prussian expansion. This customs war raged for two years during which both

Polish agriculture and the Prussian ports sustained heavy losses. The steadiness of Lubecki was victorious. Prussia renounced her claims and the convention negotiated in 1825 contained reasonable customs duties both for Polish agricultural exports and transit without granting any favour to Prussian industry.

After the abortive effort to regain her independence in 1830 an effort which caused the war with Russia, the Congress Kingdom retained the same nominal status although in practice she was completely dependent on the Government of Russia.

Polish-Russian trade relations were regulated by a new order of the Tzar in 1831. The free exchange of raw materials was maintained, but manufactured goods were divided into three classes. No changes were made in the first class, in the second class the customs duties were increased twofold, in the third class - five times.

In practice these changes were severely felt by the Polish woollen industry, as woollen manufactured goods had to pay a 15% customs duty on importation into Russia. As a result part of the Polish textile industry transferred factories from the Congress Kingdom to the former Polish town Białystok, annexed by Russia. I/
Thus a new centre of the textile industry was established.

This tariff lasted until January 1851, when the Congress Kingdom was formally incorporated into Russia. The general tariff introduced on this occasion was built on the basis of a moderate protectionism.

I/This centre still exists, specialising in the cheaper textile goods.

The trade policy of the Congress Kingdom did not differ from that adopted by most of the European States. The protective measures on behalf of the native industry proved to have been well chosen and based upon sound foundations, because in a very short time many branches of industry as e.g. moulding, iron-casting, tanning, textiles, were developed as sound and expansive forms of Polish economic activity.

CHAPTER II. THE ECONOMIC STRUCTURE OF PARTITIONED POLAND AT
-----THE BEGINNING OF THE XXth CENTURY.-----

§ I. Area and population.

As a basis the area of Poland in 1921 was accepted i.e. circa 150 000 square miles.

All other data relating to population, production etc. in the period of 1900-1914 were calculated according to this area. They are mainly estimates.

The table below contains 1/ the numbers of the population in the various parts of Poland, classified according to their political status, 2/ the area, 3/ the density of population, 4/ the natural increase.

Table 2.

Population in millions, area in thousands of square miles.

	Population 1900 1910		Area	Inhabitants per sq. mile/1900	Natural increase pro mil
Poland	25.5	28.9	150	170	18.5
Russian regime					
Central Poland	10.3		53.5	193	18.9
Eastern Poland	4.6		48	96	17.5
German regime	3.4		18	187	20.5
Austrian regime	7.2		30.5	233	17.6

§ 2. The national wealth.

It is a well known fact that there are great difficulties to be overcome when estimating the national wealth of a country forming a well established economic unit with a trained and experienced administration.

These difficulties are multiplied when the subject of the research is a country, divided into three parts each having different political status and in addition when the administration is unwilling or even hostile towards any efforts to elicit economic data for the Polish parts of the occupying States.

Therefore the estimates concerning this period must be very approximate, based often not on properly collected data but on the personal knowledge and opinions of the investigators. Nevertheless they are sufficiently correct to give a general idea of the economic situation of Poland before the outbreak of the war in 1914.

Russian regime. I/.

A. Congress Kingdom.

Mr. Niedziałkowski's estimates in mill. gold frcs. /1912/:

Arable soil, forests and gardens.....	9.270
Building-sites in towns and villages.....	7.150
Real property in towns	6.620
Railways.....	0.900
	<u>23.940</u>

The official estimate of agricultural wealth in the same period:

Arable soil.....	8.784
------------------	-------

I/. Cf. Guide du Commerce Mondial.

Real estates and buildings in villages.....	2.090
Live-stock.....	961
Farm implements and buildings leased.....	331
Forests.....	<u>1.667</u>
	13.843

B. Eastern part of Poland.

There was an estimate of 1.500 gold frcs per inhabitant i. e. about 7.000 mill. goldfrcs.

German regime.

Western part of Poland.

The estimates were calculated on the basis of the number of inhabitants, taxation and national wealth of Germany. This latter amounted to 331.000 mill. gold frcs. The population of the Polish territory amounted to 5.9%, the direct taxes paid in this territory, being 2 % of the total figure for Germany. Thus the estimates of wealth varied from 2- 5.9% of the wealth of Germany i. e.

6.620-19.500 gold frcs. The taxation figures appear to provide a better basis for calculation. The share of Polish Upper Silesia in taxation was about 1.5%.

Thus the national wealth of Western Poland, including Polish part of Upper Silesia, calculated on the basis of taxation, amounted to 11.420 mill. gold frcs.

Austrian regime/Southern part of Poland/.

Mr. Feldstein used the method of taking the market price or net value of yearly production, capitalized at 4%, and deducting the debts of the State.

His estimates amounted to 11.792 mill. gold. frcs. divided

as follows:

Landed property.....	39.3%
Mines.....	6.1%
Buildings.....	17.3%
Transport.....	13.9%
Transferable securities.....	22.5%

The national wealth of Poland was then estimated at 54.652 -69.229 mill gold frcs, of 1.800-2.300 frcs per inhabitant.

§ 3. Agriculture.

The following tables contain the most important available
I/
data relating to this question.

Table 3.

Average yearly output in 1906-1910 in thous. tons.

	Wheat	Rye	Barley	Oats	Potatoes	Beetroot
Congress Kingdom	570	2.010	530	1.140	9.730	890
German regime	430	2.210	510	920	9.770	3.800
Austrian regime	610	780	440	820	6.150	190
	1.610	5.000	1.480	2.880	25.550	4.880

Table 4.

Average yearly output in 1911-1913 in thous. tons.

	Wheat	Rye	Barley	Oats	Potatoes	Beetroot
Poland/area of 1921/1.728	5.738	1.584	2.813	23.345	4.113	
Share in the world's production in %%	2.3	24.7	7.2	6.2	19.9	.

The value of the agricultural yearly output of the Congress Kingdom was estimated in 1910 at 2.533 mill. gold frcs. / 68% -

I/Cf. Guide du Commerce Mondial.

-vegetal production, 32% - animal production/. The total value of Polish agricultural production can be justifiably obtained by multiplying this figure by 3 on the basis of the above tables.

Thus the yearly value would be estimated at 7.500 mill. gold frcs.

The agricultural production was by no means at the highest level of exploitation. A comparable table of crops grown in different parts of Poland is given:

Table 5.

Average crops in 1901-1910 per hectar in quintals.
/The crops for 1910 in parenthesis/

	Russian regime	Austrian regime	German regime
Wheat	10.5 /12/	11 /11/	19.1/22/
Rye	9 /11/	9.9/10/	15.4/20/
Barley	10.5/12/	9.7/10/	18.4/19/
Oats	8 /10/	9.1/10/	16.9/20/
Potatoes	86 /91/	110./99/	147.2 /135/
Fertilizers in kilograms	42	25	200
Area of big es- tates in %% of the total area	31%	23%	41%
Area of dwarf holdings in %%	16%	29%	7%

The soil of the German part was on an average the least fertile but it was exploited to the best advantage by means of fertilizers. The fact that the least fertile soil had a 50% higher output is the best proof of a large potential margin of increase of agricultural production in the other parts of Poland.

Forestry was always an important branch of Polish economic

activity. Timber was for centuries one of the leading export articles. The table below illustrates the possibilities of partitioned Poland in this respect.

Table 6.

Timber production in 1910.

	Western	Southern	Central	Eastern Poland
Area of forests in mill. acres	4.4	5.2	6.6	6.1
Yearly output for export in thous. tons	300	800	700	400

§ 4. Mining and industry.

The number of workmen employed in different branches of Polish industry gives a general idea of the location of factories. As the coal mining of Polish Upper Silesia is not included the number of miners should be increased by some 60 thous. I/.

Table 7.

Number of workers in 1913-1914 in thous.

Industry	Russian regime	German regime	Austrian regime	Total
Textile	165	-	6	171
Foodstuffs	43	12	20	75
Engineering	62	36	11	109
Chemical	10	2.5	5	17.5
Live-stock	8	1.3	1	10.3
Paper&printing	30	3	5.6	38.6
Timber	30	12.8	12.4	55.8
Coal mining	26	1	6.8	33.8
Petroleum	-	-	7	7
Salt mining	-	0.3	3.7	4
Iron&Copper smelting	20	0.4	1.2	21.6
Iron&zinc	5	0.4	0.3	5.7
Other	23	16	21	60
Total/Upper Silesia excluded/	422	86	101	609

The location of industry was by no means uniform. Most of it with the exception of the textile industry was grouped near the Silesian basin. The textile industry was concentrated around the town Łódź, in Central-Western Poland. Thus, the location was rather on the fringe of independent Poland.

Mining & Foundry Production.

The following table illustrates the mining and foundry production in Poland/her frontiers of 1921/ in 1913.

Table 8.
Mining and foundry production in 1913.

Description	output in thous. workers in the	
	tons.	us.
<u>1. Coal.</u>	40.972	123.4
a/Upper Silesia	32.182	
b/Russian regime	6.819	
c/Austrian "	1.971	
<u>2. Petroleum/crude oil/</u>		
Austrian regime	1.114	8
<u>3. Brine and rock salt mines</u>	707	4
Russian regime	5	
German regime	27	
<u>4. Potassium salts</u>	14	
Austrian regime		
<u>5. Iron ore mines</u>	493	4.4
<u>6. Zinc and lead ore mines</u>	552	13.3
/lead ore 57/		
<u>7. Iron foundries</u>		48
pig iron	1.055	
steel	1.677	
hot rolled products	1.244	
<u>8. Zinc foundries</u>	192	15
<u>9. Lead foundries</u>	45	0.8

Food industry.

One of the most important branches of industry was that of food industry based almost exclusively on plant production.

Table 9.

Food industry in Poland in 1910-1914

Beet-sugar in terms of white sugar in 1913-1914 thous. q.	Sugar works	Alcohol in 1910 in mill.gallons	Distil- leries	Beer in mill.gal lons
5.714	86	57	2466	86

The production of alcohol was more or less proportionately divided between the three parts of Poland, 50-60% of the production being exported. I/ Production of sugar was practically non-existent in the Austrian part, 60% of it being located in the German and 40% in the Russian part. About 50% of the sugar output was exported.

The mills were concentrated in the German part. There were about 10.000 of them with 330.000 HP. But mills were numerous in other parts.

The production of confectionery was well established in Central Poland, particularly in Warsaw.

The production of starch is also worth mentioning. Congress Kingdom produced about 20.000 tons yearly, of which more than 60% was exported to the Western European countries.

Paper industry.

About 60.000 tons of paper, mostly of medium quality, were produced yearly. This was exported while cheap and expensive qualities were imported.

Wood industry.

Furniture was exported from Central Poland to Russia, the value of yearly exports amounting to 25 mill. gold frcs.

I/. These and following data are taken from Guide du Commerce Mondial

Textile industry.

This branch of industry was developed mostly in Central Poland, about three quarters of the production being concentrated in Łódź district.

The yearly value of the textile production in Central Poland amounted to 903 mill. gold frcs. in 1910, i. e. more than 40% of total industrial production of this area. The Łódź centre had about 1.2 mill. of cotton spindles./Poland - 1.7 mill./ and 0.8 mill. of woollen spindles. About 40% of cotton was imported from Russia, while more than 75% of the textile production was exported to Russia.

Mineral industry.

Cement. The production of cement amounted in Central Poland to 320.000 tons yearly and in Southern Poland to 250.000 tons, 35% of the output of Central Poland being exported to Russia.

<u>Lime.</u>	Central	Southern	Western Poland
Thous. tons yearly	200	200	4000

The value of the output in Central Poland was 3 mill. gold frcs. 15% of it being exported to Russia.

<u>Bricks./1913/.</u>	Mill.Bricks	Value of production in mill. gold frcs.	Workers in thous.
Central Poland	420	12.5	10
Southern Poland	.	15	11
Western Poland	.	.	11

Pottery & china Central Poland - value of production 10 mill. gold frcs.

<u>Glassmaking</u>	Workers in thous.	Value in mill. gold frcs.	Export to Russia
Central Poland	6	14	65% of the total value
Southern Poland	0.7		
Western Poland	0.4		

The leather industry.

Tanning. Central Poland - in 1913 the value of the production amounted to 125 mill. gold frcs. The principal centre was Warsaw with 8.800 workers. About 13.5 mill. kilogrammes of sole leather was exported yearly to Russia, when 5.5 mill. kg. of fine leather were imported, mostly from Germany.

Western Poland produced in 1914 5 mill. kg. of leather.

Bootmaking. Central Poland: Value of yearly production - 50 mill. gold frcs., of which 70% was exported to Russia. The biggest centre was Warsaw with 10.000 bootmakers.

In Southern Poland there were 23.000 bootmakers.

Soap.

The production of soap supplied the local demand. The value of yearly output of the Congress Kingdom for domestic and industrial purposes was estimated at 2500.000, The soap industry was forced to import 4-5.000 tons of olein annually from Russia.

Mechanical, metal and electirc constructions.

Some figures relating to the more important branches are given /with the exception of Upper Silesia/ :

Central Poland- tooling machines for metals 2.200 workers.
Tooling machines for wood -2.500 workers, the value of output 5-7 mill. gold frcs. annually, 65% of it exported to Russia.
Steam boilers - 3.000 workers.

Distillery and sugar apparatus - 3.000 workers.

Agricultural machines and tools - 22.000 workers. This branch was fairly well developed in Western Poland, where the value of the production amounted to 40 mill. gold frcs. annually.

The petroleum drilling apparatus produced in Southern Poland and exported throughout the world to Russia, Mexico, Dutch Indies etc. should also be mentioned.

§ 5. Summary.

On the basis of the above data it is possible to get a general picture of all parts of partitioned Poland.

The Western part under German occupation was developed as an agricultural reservoir, with ~~the~~ exclusion of Upper Silesia, which formed a great industrial basin with coal, zinc and lead, mining and founding, economically and administratively separated. The whole rest of Western Poland, Posnanie and Pomeranie, was converted by the Germans into an agricultural country. This task was carried out with the utmost thoroughness. Although the soil was rather poor, the crops were relatively good owing to the use of fertilizers. The technique of cultivation was also on a high level and was helped by a liberal use of agricultural machines. A dense network of roads was built and maintained in a good ~~condition~~, the rivers were regulated- in short all the essentials were provided for a high standard of agricultural production. Naturally industry was excluded. Only those branches of industry necessarily located in an agricultural country were allowed to be developed. They were : sugar works, distilleries,

breweries and factories for the production of agricultural machines and tools.

So far as the occupational structure of the population was concerned all the efforts of the German economic State policy were directed towards reducing the Poles to the lower labouring classes. As agriculture was the basic occupation, these efforts were concentrated upon it. The policy of depriving the Poles of the land was initiated by Frederick the Great. The normal administrative and economic pressure was not however sufficient and Bismarck took more decisive steps. A specially created State committee had right to buy up forcibly Polish agricultural holdings, while Poles were forbidden to buy land or even to build houses on their own ground. The Pole's true role was that of an unqualified physical worker or agricultural labourer.

This powerful economic and political pressure had many effects. In agriculture the greatest share / 41% of agricultural land / was that of the big estates ; mostly in German hands. These estates had been forcibly bought from their Polish holders, large or small. On the other hand this pressure created as a defensive reaction a strong cooperative movement among the Polish holders, who helped each other to bear the brunt of economic difficulties of a political character.

At the same time the cultivating and educated class in Poland, which at one time was composed mostly of landowning nobles was transferred from the country to the towns. Big land owners, small agricultural holders, dispossessed or ruined by the Ger-

man economic policy, flowed to the towns forming a new middle class. Slowly and systematically Polish trade was organized in this part of Poland by the efforts of the more energetic part of the population which had been ~~deprived~~ of any other outlet for its activity.

The population of Western Poland may then be defined as shrewd traders and highly trained agriculturists holding very strong feelings of national and economic solidarity.

The Russian occupied part of Poland represented quite a different picture. The Russians treated Poland as a potential battlefield which for their strategical purposes had to be an undeveloped area with a poor transport system. On the other hand the rather primitive State organization of Russia made the Russian rulers dislike the development of a land inhabited by a population accustomed to independent habits of ~~thought~~.

Therefore not only did the State try to get from the Polish territory as much money as possible in the way of taxation without any general investments, but it also tried to put every obstacle in the way of any attempts to improve the standard of living. New sewage systems or water works formed a very ticklish political question and permission to instal drains in the town at the cost of its inhabitants was, if secured, an enormous success. These difficulties were mitigated by a system of bribery which was highly specialized and thoroughly carried out by almost all branches of Russian Civil Service.

It can be understood that in these conditions economic life

fe was rather distorted. Agriculture, the basic occupation, left without the necessary capital improvements, was in a poor state.

The great overpopulation in many districts, very numerous and excessively small holdings, especially in Central Poland, made rational exploitation impossible. The surplus of the agricultural population tried to find an outlet in industry and emigration, but both outlets could not solve the problem.

It is a striking fact that in such difficult conditions industry was most highly developed in this part of Poland.

It should be remembered that the solid bases of this industrial development were laid down in the short period of Polish economic autonomy in the XIXth century, from 1815-1830. This illustrates very well the importance of political independence for economic development. It ~~also~~ indicates what loss and distortions Polish economic development had to suffer, deprived of normal political conditions in one of the most important periods in its history.

Many people point to the enormous advantage to the industries of Central Poland represented by the vast Russian markets. It is not possible to discuss in detail this intricate and composite question but the many drawbacks which counterbalanced the customs union with Russia should be mentioned. The liberal policy of Russia in 1850-1876 helped Polish industry to provide itself with raw materials, but at the same time deprived it of any tariff protection. The protectionist trend of Russian policy from 1876 was against the interests of Polish industry, because raw materials we-

re protected . As Polish industry was located near the frontiers it was forced to use Russian ore or Russian salt which had to be transported at a high cost about 1500 kilometers, when the Polish salt mines were only some scores of miles away, but under Austrian rule. It is difficult to form an appreciation of the net advantages to Polish industry - the vast Russian market must be set against an unfavourable State economic policy, caused by the divergencies in the economic structures of two countries as well as by political factors. Only the general conclusion can be drawn that the development of Polish industry was not caused automatically by market possibilities, but rather by the organizing abilities and industrial skill of population.

The most important industries were textile, metallurgy and high class consumer's goods in haberdashery and leather.

There was then in the population a strong virile section eager for self-development and accustomed to free competition, contrasting sharply against the general background of a poorly developed, overpopulated agricultural country.

Southern Poland under the Austrian regime was also mostly an agricultural country. It was called by the Austrians Galicia. The hilly nature of the ground made the situation even more difficult. More than 83% of all agricultural holdings were of less than 12 acres and accounted for more than 30% of the arable land. The development of industry was deliberately obstructed by the Austrian government which protected its industrial areas built up in Austria and Bohemia, steadily and consistently.

The discovery of rock-oil helped this part of Poland greatly as it was not possible to transfer it to the Austrian districts. I/ The coal and rock salt mines situated in the Cracow district served as a basis for mining and foundries.

But as a whole this part of Poland was in a most difficult situation. On the other hand as it had the greatest political autonomy, its population could participate in political activities and State administration.

Generally speaking Poland was completely broken as an economic unit by the partitions. Her three sections were for the central governments of the occupying States merely the border lands inhabited by a foreign people of very doubtful loyalty and for whose needs no genuine care was taken.

Economically all these border districts were agricultural and grossly overpopulated. The emigration of about 150.000 annually of the youngest and most valuable elements could not solve this problem in addition to the seasonal emigration of about 350.000 yearly. Two large industrial centres in Upper Silesia and in Central Poland were not sufficient to absorb the surplus of population caused by the big natural increase and by defaults in the economic structure. Besides these centres were situated on the frontiers and were adjusted to the markets outside the Polish territory.

I/Incidentally it was a Galician apothecary Łukasiewicz, who first adapted rock-oil for lighting purposes and discovered the first method of refining it in XIX cent.

Industrialisation, although it had all the necessary factors except local capital, was hampered by the obstructive attitude of the governments and the economic centres of the occupying Powers.

Thus the economic situation of the Polish territories on the eve of the 1914 War was difficult, although at a first glance may not have seemed to be so bad. It contained many difficult and vital problems pending and unsolved, embedded hopelessly in the strong fabric of the occupying States.

CHAPTER III. THE 1914 - 1918 WAR.

§ I. The occupation rule.

The 1914-1918 War between Germany and Austria on one hand and Russia on the other was fought mostly on Polish territories. The front line passed through Central and Southern Poland, fluctuated several times and was established at last in the Eastern Poland. Hence all the Russian part and to a great extent the Austrian part of Poland served several times as a theatre of war with all the consequences. In addition the Russian part had to bear the burden of three years of occupation. This part was occupied mostly by Germans with the exception of some southern districts which were under Austrian rule.

Immediately after the occupation of a bigger slice of Polish territory the Germans introduced their exploitation system which was even more destructive than the proper war action.

First of all, contact between the occupied parts and the

outside world was severed. The order of 2.2.1915.^{1/} forbade any importation and exportation except, of course, the export of food into Germany. A monopoly of trade was granted to the German commercial company "Wareneinfuhr". The pressure of German traders caused some relaxation of these provisions and the import prohibition was abolished in order to allow German manufactured goods to be sold on the Polish market. Naturally the import of raw materials needed by Polish industry was forbidden. On the other hand, the civil administration had the right to allow food exports or to forbid them. The monopoly of the agricultural export trade was maintained and after several changes the "Landesgetreidegesellschaft" für das General Gouvernement " was established on June 1, 1916.

Any break of the export and import trade regulations, which also contained provisions relating to the import of food into Polish towns and the control of food production, were to be punished by penal servitude up to 5 years and fines.^{2/}

The system of trade control was then devised in such a manner as to obtain the greatest quantity of agricultural products in exchange for the smallest quantity of manufactured goods and also to transform the occupied territory into an exclusively agricultural land.

§ 2. The war devastation.

As already mentioned, the German and to less extent the

1/. Cf. Chełmiński.

2/. Very humanitarian measures in comparison with those of to-day, when the death penalty is introduced.

Austrian authorities conducted a deliberate policy of economic exploitation. This policy, as it did not last long, was not so dangerous as the other factor - the cold blooded robbery and ruination of Polish industries carried out by the Germans.

The Germans remembered well the efforts of Frederick the Great to gain the trade monopoly of the Polish market and carried out his will with the usual thoroughness. There were mentioned The Polish-Prussian treaty from 1775 and the customs war from 1825, when the leather and textile goods were main objective, have been mentioned.

Now, the Germans had a good chance to destroy their potential competitors on the Polish and Russian markets. They simply took all the machinery, all stocks of raw materials they could lay their hands on and transported them to Germany. They removed, for instance, 50,000 electrical motors, 4,000 tooling machines, all transmission belts, about 100,000 tons of factory equipment.

The abusive exploitation of Poland's natural resources is well illustrated by the example of forestry. The Germans exported during their occupation from the Russian part of Poland about 4.600 mill. cubic feet of timber.

On the other hand it should be taken into account that the retreating Russian armies exercised /nothing is new under the sun/ a "scorched earth" policy, even evacuating forcibly the population, who were afterwards left without any subsistence.

Money reserves were evacuated too. The revolution in Russia destroyed the value of the private banknote reserves possessed

by the Polish population.

It is impossible to estimate all the losses suffered by Poland, but the following statements may give an approximate idea of the main items.

1/. The serious losses in population amounting to more than 4 mill. These losses were caused not so much by direct war action as by starvation under the German rule and forcible evacuation by Russia.

2/. The losses in livestock - about 2 mill. heads of cattle and 1 mill. heads of horses.

3/. 11 mill. acres of arable land put out of use.

4/. 6 mill. acres of forest completely destroyed.

5/. 1.500.000 houses burned out.

6/. The industry of Central Poland was scientifically destroyed, its losses amounting to 10.000 mill. gold frcs.

7/. The loss of value of financial assets . a/ Holdings in Russian banks on account of the revolution. b/ cash reserves through by monetary depreciation.

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X X X X X

PART I. RECOVERY. / 1918 - 1924 /

CHAPTER IV. THE ECONOMIC RECONSTRUCTION.

§ I. The general conditions of this period, its end.

Poland regained her independence officially on November 11, 1918, but there were still several years of fighting to elapse after this date before finally the peace came.

It is a hopeless task to try to find out when strictly the reconstruction was ended as practically its end differed widely in various fields.

But it seems roughly correct to accept as landmarks of restoration of some normal trade relations the conclusion of the first trade treaties and conventions on the one hand and the final unification of all territories on the other. This is not one date but several dates occurring, with one less important exception in the first half of 1922, the first commercial convention with France being concluded on February 6th 1922, that with Italy on May 12th 1922, Upper Silesia being incorporated into the Polish State on June 15th 1922.

The final landmark of the period of recovery was the stabilization of currency and the introduction of the new, Polish currency - zloty, on April 28th 1924. It coincided with the introduction of the new Polish tariff and customs regime.

Although the reconstruction task was carried further, there are opinions it lasted till 1927, yet the stabilization of currency was a proof of some economic equilibrium regained by the country. This was possible only after essential reconstruction work

had been carried out.

On the other hand from the point of view of foreign trade such a monetary stabilization placed the position on a normal basis.

The first years of Poland's independence were particularly difficult.

Poland entered this period with most of her resources destroyed. Her most important industries in the central region were thoroughly robbed by Germans, the strong industries of Upper Silesia were still outside her frontiers. The intact Western agricultural provinces had to fight with the Germans, refusing to leave them, although they concluded an armistice. Most of the agricultural areas in other parts were ruined or even out of use because of war devastation, lack of seeds, manpower and livestock.

The population had suffered not only heavy losses in its numbers but was completely physically exhausted by three years of starvation under the German rule, deprived of any means of subsistence owing to the severe rationing and ruthless requisition.

The transport system was also disorganized, only partially rebuilt, most of its rolling stock transferred to Germany in the last days of German rule.

There were several tasks to be carried out at once. It was
I/
necessary to regain independence by force in the Western terri-

I/ It is worth mentioning that the accident ~~which~~ caused the outbreak of this insurrection was the profanation by the German soldiers of the Union Jack outside of the headquarters of the Interallied Commission in Poznań.

tories of Poland in order to throw the Germans out even after the conclusion of the armistice as they refused to leave; to wage war with the Russian red armies, coming from the East, all this to be done with an improvised voluntary army. It was necessary to organize the distribution of food among the starving population, to rebuild the houses and roads and to reestablish the economic activities of inhabitants.

In such conditions it was not possible to restore immediately normal trade relations. A complete re-organisation was required.

The period from November 11th 1918 till April 28th 1924 is thus characterized by :

1/. The enormous strain imposed upon the country by the reconstruction tasks.

2/. The burden caused by the unification in all directions territorial, political, administrative, economic.

3/. The monetary inflation.

The first years / 1918-1922 / had an additional difficulty - the territory of the country was undergoing wide fluctuations, new parts being incorporated, some parts temporarily occupied by the enemy. The war with Russia exhausted the country too. The war ravages were very fresh and in the East even renewed during the war with Russia.

Thus the principal features of these first years of independence are the primary reconstruction and the unification and all the difficulties arising from both these tasks.

The last couple of years of this period were showing signs that the economic equilibrium of the country was beginning to be restored not only by reconstruction and revival of economic activity, but also by the better coordination of the economic life with the State administration in carrying out the necessary primary readjustments to the new political conditions. One of the most spectacular tasks was the financial one - the measures against the inflation, which rendered any development on a larger scale for a long time very difficult or even impossible.

§ 2. First steps towards recovery.

At the very beginning it was necessary to introduce full control of production and consumption of the most important commodities. The initial difficulties can be illustrated to some extent by the table I^{I/} indicating the percentage of the pre-war production, obtained in first post-war years. There is no data available for the first most difficult year 1919.

Table IO.

The post-war production expressed in relation to the pre-war production, this latter - 100. -----

Description	% in 1920	% in 1921
Wheat	39	58
Rye	37	76
Barley	60	79
Oats	76	83
Potatoes	85	72
Coal/without Upper Silesia/	68	82
Salt	.	170
Foundries	.	25
Metallurgy	.	50
Cotton textiles	51	68
Woollen "	26	43
Sugar	.	33
Tanning	.	55

I/. Cf. Guide du Commerce Mondial.

A good illustration of the renewed activities of Polish industry is given by the comparison of respective numbers of workers employed before and after the war in different branches.

On July 1, 1920 there were employed 52% of the pre-war number of workers on the whole area of Poland, /80% in Southern Poland, 75% in Western Poland, 40% in Central Poland/.

The temporary gap between the consumption and production was attempted to be closed first of all by rationing and by the prohibition of export of any cereals and raw materials necessary for the national industry, as well as by importing food products. The international relief action helped to carry on at the beginning and eased the problem of feeding the population.

As at the same time, owing to the depreciation of Polish currency, the terms of trade were very propitious for Poland and favoured the export of any goods without regard to their local prices the imposition of strict foreign trade control was unavoidable.

When analysing the economic life in Poland at this time it is necessary to differentiate between the economic situation and the financial one. The economic activity was being restored step by step, but steadily improving and at the same time the financial situation deteriorated gradually. It is clear that the inflation had a great influence on the whole of Polish economic life. But the financial situation formed such a peculiar complex of questions and was influenced to such an extent by the special conditions outside the economic activity of the

country, that it seems justified to set the financial questions apart and to discuss them separately.

Naturally when discussing the general economic situation it is necessary to bear in mind its background of monetary inflation, all difficulties arising from the steady and fast depreciation of the currency with sudden temporary fluctuations, not justified by strictly economic factors.

The gradual restoration of economic activity resulted in the gradual return of normal life conditions. The swift rebuilding of agriculture and setting up of essential transport facilities were decisive factors.

I. Agriculture.

The crops in 1921 were sufficient to meet the local requirements in 1921/1922, thus relieving the heavy burden imposed upon Poland by the necessity of importing big quantities of food. In 1919/1920 there were purchased about 300.000 tons of cereals abroad. Since 1921/1922 Poland became not only self-sufficient but was also able to export agricultural products. This was a substantial achievement, attained in a very short time, practically in a period of one year of full peace. Thus the derationing of foodstuffs was possible. The table II illustrates the results achieved by agriculture.

Table II.

The agricultural production of Poland in pre-war and first few post-war years /thous. tons/.

Description	1911-13	1920	1921	1922	1923
Wheat	1.728	653	968	1.154	1.354
Rye	5.738	2.079	4.247	5.014	5.962
Barley	1.584	883	1.160	1.297	1.656
Oats	2.813	1.985	2.174	2.506	3.522
Potatoes	25.345	19.695	16.741	33.219	26.494

2. Transport.

The essential railway services were swiftly restored, which was an achievement by no means easy, because of very serious war devastation of bridges, terminals and tracks, the evacuation of the rolling-stock by Germans and Russians and the lack of fuel.

The rolling-stock recovered from the occupying Powers was mostly in a very poor state. Therefore the 150 heavy Baldwin locomotives, imported from U.S.A., rendered possible to meet the essential demands for transport in the first period.

Some figures concerning the rolling-stock and the exploitation in 1920 and 1923 give a general idea of the progress obtained in this respect.
I/

Table I2.

The railway rolling-stock, passengers and goods conveyed.

	1919	1920	1923
Locomotives serviceable	.	1.936	4.985
Passenger coaches&goods wagons	.	74.829	127.582
Number of passengers carried/mill/	61	100	157
Tonnage of goods	10	33	85

The needs of heavy industry products and the efforts to be made for restoring transport facilities are illustrated by the table I3 containing the contracts for deliveries of rolling stock etc. for Polish railways in the first post-war years.

Table I3.

Contracts for rolling stock till March, 1921.

<u>A. Abroad:</u> 150 locomotives from the U.S.A. already delivered.			
50	"	"	" Austria.
<u>B. In Poland:</u> Locomotives - 2.100			
			Wagons - 68.000
			Carriages - 7.800

I/. Cf. Mr. Kimens. Report dated February, 1924.

3. Industry.

For industry the way of reconstruction was far longer and more difficult. It seems unnecessary to discuss the differences between the restoration of an agricultural production, carried mostly by small holders with the minimum capital investment and that of industry having more than 50% of their installations destroyed. But it is worth mentioning the difficulties peculiar to Polish industry at this time.

As practically most of the industries in the liberated area were put out of action, the Upper Silesia region being still outside of Poland, the possibilities of rebuilding by ~~own~~ means of Polish capital were very limited. The international relief action concentrated on foodstuffs and Poland did not get war reparations. Briefly, it was necessary to rebuild industry by importing machinery and raw materials, obtained on very unfavourable credit conditions by private and State initiative.

Thus, at the beginning of the renewed activity the heavy burden of reconstruction costs was accumulating.

On the other hand the situation of the restored or even undamaged industrial enterprises was not easy. There was the question of markets, tightness of money, unstable prices, new costs arising from social legislation etc.

The general economic exhaustion of the population, caused by war, inflation and later by the heavy taxation, resulted in a great shrinkage of its purchasing power. Additionally, as it was mentioned before, Polish industry was bound to readjust its pro-

duction to the new, mostly internal markets, when in the pre-war time it was adjusted to the markets outside Poland, now mostly closed to it.

Thus, immediately after the initial reconstruction period Polish industry was faced with the problem, difficult even for the well established industries, of readjusting its structure to the new market conditions.

The importance of both the above mentioned factors /shrinkage of the purchasing power and loss of former markets/ is proved by the fact that even in 1921 the textile industry, still far from reaching the pre-war level and having opened the markets of Western and Southern Poland, was depressed by the decrease of Russian imports at the end of 1921. Nearly all mills had to reduce their output by 50%.

The third factor then began to play its part. It was the consolidation of Poland into an economic unit. The depreciation of the Polish currency, its reduced purchasing power abroad and resulting dearness of imported goods, the difficulty /of strongly political character / of importing commodities from Germany - stimulated the industrial activity in new fields. The manufacturing of dynamos and motors began in a new factory at Zychlin, subsidised by Swiss capital. There were set up several plants of cables and electric bulbs.

The existing difficulties of the industry were increased

I/.E.g. The embargo on the export of the electric engineering goods from Germany into Poland imposed in 1921, induced the creation of many Polish enterprises in this branch.

in the middle of 1923 by the new one : that of high costs of production. According to Mr. Kimens these high costs were caused by :

1/. Tightness of money.

2/. Smaller output of labour than in other countries.

3/. Reduced number of working hours during the year due to excessive number of holidays, compulsory leave for workmen of from 7 to 14 days per annum on full pay, and a working week of only 46 hours, and not 48 hours.

4/. Excessive overhead charges.

5/. Obsolete method of production.

6/. High taxation.

This last factor appeared at the end of the period and was connected with the monetary reform. The benefits of social protective legislation were more onerous by the fact that the competitive German industry worked in different conditions in this respect its working day lasting 10 hours.

But it is necessary to take into account that the rise in the cost of living and in prices / on the gold basis / generally began and the discrepancy between the local and foreign prices became gradually smaller.

One of the most difficult questions was the incorporation of a part of Upper Silesia, although it solved the urgent problem of the lack of fuel, so acute in the first post-war years.

This highly developed industrial region was divided between Po-

1/. Cf. Mr. Kimens. Report dated February 1925.

land and Germany. At the beginning Poland was unable to absorb the Silesian production and to find export outlets for it. Thus the prosperity of Polish Upper Silesia depended in the first few years upon its exports into Germany. How this circumstance was exploited by Germans will be discussed later. Here it is only necessary to emphasise that the production in the more important branches was maintained on the level of that in the months preceding the incorporation. The interchange of goods between Polish Upper Silesia and other parts of Poland steadily increased.

§ 3. Finance.

I. Currency.

The relative values of the currencies in circulation in the Polish territories in 1914 were as follows : 100 Russian Roubles - 216 German Marks - 260 Austrian Crowns, when £ 1 - 9,46 Rouble - 20,43 Marks - 26,02 Crowns.

In 1916 Germans introduced the Mark currency in Poland and established the Polish National Loan Bank, which had the right to issue the fiduciary bank notes. So-called Polish Marks issued by this bank remained for the time being Polish legal tender during 5 years after regaining independence.

In the North-Eastern provinces the "Ost Rubel" was introduced by the Germans.

The Polish mark was introduced in Southern Poland at the end of 1919 at the rate : 1 crown - 0,70 mark.

The financial situation was becoming worse and worse. The expenses were increasing because of the reconstruction tasks

and the costs of the war with Russia, while the taxation revenues from an exhausted and devastated country could represent only fraction of the total State expenditure. The deficit had to be covered by the constant issue of paper currency and loans. The printing press was substituted for the method of taxation.

I/

Table I4.

The deficit in the State budget in 1921.

Ordinary budget :

Revenue	99.758.141.639	
Expenditure.....	<u>III.042.685.341</u>	
Deficit		II.284.543.702

Extraordinary budget

Revenue.....	35.408.560.667	
Expenditure.....	<u>97.918.499.554</u>	
Deficit.....		62.509.938.887
Total deficit.....		73.794.482.589

The deficit was increasing according to the depreciation of the currency.

The note issue increased during 1920 from 4.846 mill. Polish marks to 49.351 mill. and the Polish mark dropped from marks 520 for £ I in January 1920 to marks 2.150 for £ I in December 1920 and marks 6.400 for £ I in June 1921.

When speaking about the mark depreciation it is necessary to bear in mind not only the factor of mechanical inflation but also the necessity of large purchases abroad of foodstuffs machinery, war material and at the same time the lack of export

In 1921 the whole country became alarmed by the financial situation. There were efforts to avoid the deficit in the State budget. The programme comprised larger production, heavier taxation, curtailment of State expenditure, encouragement of exports

I/. Cf. Mr. Kimens. Report, dated February, 1922.



and abolition of all restrictions concerning foreign trade. This first effort of monetary stabilization failed mostly because of the lack of the efficient treasury apparatus and insufficient economies, carried out in reality.

The depreciation of the currency was making further progress, and the rate of exchange of foreign currencies grew more and more unfavourable, the value of the currency shrinking gradually in the terms of gold. The following table gives a proof of this:

Table I5. I/

The money circulation in 1921 - 1923.

Date	£ I worth in marks	Total circulation in thous. mill marks	in £ mill.	Circulation per head in shillings
31.12.1921	12.500	230	18.4	12/8
31.12.1922	82.500	794	9.6	6/7
31.12.1923	27.400.000	126.000	4.6	3/2

The sudden fluctuations, mostly of the speculative character, rendered any normal calculation still more difficult. They are illustrated by the rate of exchange of £ in 1921:

	January	September	December
£ I worth in marks	2.150	25.500	12.500

The rates of discount were naturally correspondingly high. They increased from 7% to 48%, when the private discount rate amounted to 1% per day.

There was a general flight from the mark currency. Transactions were concluded in foreign currency, mostly in dollars. When the speculative fluctuations rendered foreign currency not so reliable as a measure, hundredweights of corn were also in use.

1/ Cf. Mr. Kimens. Report, dated February, 1924.

The public having lost confidence in the placing of savings or money capital in savings or current accounts looked for some other means. There was a tremendous demand for the shares of any industrial companies. They grew like mushrooms, often with no other assets than inventiveness and lack of scruples of their founders. The following figures^{I/} illustrate this tendency:

Table I6.

<u>Value of shares in mill. marks.</u>		
	<u>1920</u>	<u>1921</u>
Newly formed stock-companies	2.481	13.290
Increase of capital of exist. comp.	3.651	11.231

Many of these companies disappeared without any sign left but as a whole this movement helped the industrial development. The speculation with the shares attained great popularity and became one of the most characteristic features of the inflation period.

2. The exchange control.

There were efforts to check the mark depreciation by foreign exchange control. First a Foreign Currency Commission was set up in September 1919 and the buying and selling of foreign exchange became a State monopoly. This monopoly was abolished at the end of 1919 and reinstituted in July in a modified form. There were so many changes in the scope and forms of control throughout this period that it is not possible to discuss them all.^{2/}

Broadly speaking, the control consisted in prohibiting the export of foreign exchange abroad without permission, in the

1/. Cf. Mr. Kimens. Report, dated February, 1922.

2/. Cf. Chełmiński.

duty of the exporters to sell the foreign currency to the State or authorized banks. The lack of experience and general liberal tendencies caused almost complete ineffectiveness of this control.

There was never introduced at this period a full and perfect prohibition of any dealing in foreign currency without State authorization. The loopholes in the control laws and administrative devices together with the powerful so-called "black exchange" dealing in smuggled foreign currencies resulted in fact that the country was full of foreign currency, circulating outside of the legal banking business. The dollar notes circulated freely and it was even fashionable to pay a bill in a hotel with them.

3. Preparations to the stabilization of the currency

The first efforts in this respect in 1921 failed utterly as previously mentioned. But they were continued throughout 1922 and 1923. It was considered essential to abolish the budget deficit, i.e. to replace the printing press by taxation as a principal source of State revenue/ and to accumulate reserves of gold and foreign currencies as a basis for a new Polish currency.^{I/}

For psychological reasons it was decided to introduce a new currency called the zloty/golden/.

One of the essential difficulties was how to make the increases in taxation keep pace with the increase in prices. After many efforts the Government solved this question satisfactorily.

I/. The law from January 11, 1924 about the monetary and public finance reform authorized the necessary modifications of customs duties. An order from Febr. 9, 1924 increased the non-protectionist duties, emphasising the fiscal aims of the tariff.

The coefficient based upon ~~the~~ gold was introduced for all taxes, duties, railway rates and other dues of the State. Its multiplier was established several times in the month according to the value of the mark in gold. In this way the race with the inflation was successfully maintained. The taxation apparatus, perfected in the meantime, was making preparations to collect ~~in~~ the new taxes.

As the second means of balancing the State budget - State monopolies for tobacco, alcohol, matches were introduced. I/.

At the same time the foreign loans obtained for their organization were intended to supply Poland with foreign currency.

The Bank of Poland, as an independent private issue bank was to be created.

Quite unexpectedly however, some months ahead of the schedule, the Polish mark became stabilized. Nobody, at first, could understand this phenomenon. The supply of dollar notes was far above the everyday demand, many customers selling them to the Polish National Loan Bank. The cautiously hidden reserves of dollar notes were thrown on the market. The explanation was found afterwards. Poland was saturated by foreign currencies smuggled in an illegal way. Most of the businessmen kept their cash reserves in dollars.

This moment of saturation, virtually unknown, was caused inconspicuously by the gradual strengthening of the country and

I/. The tobacco monopoly being a full monopoly, it was necessary to buy out many private factories. This was bitterly opposed, but it proved satisfactory from the point of view of State revenue.

the increase of the exports. It coincided with the final preparations for the stabilization and the introduction of heavy taxation, which increased suddenly and greatly the demand for cash in Polish marks, possessed by nobody. Thus the unexpected and lasting supply of dollars from the would-be taxpayers facilitated greatly the stabilization of the new currency.

On January 1, 1924 £ 1 was worth 27.4 mill. marks, when on February 7, 1924 - 40 mill. marks, this latter rate being maintained till the introduction of zloty.

On April 28, 1924 the new currency- zloty- became the legal tender of the Polish State, the rate of exchange being 1zł. - 1 Swiss franc - 1.800.000 Polish marks.

4. Indebtedness of Poland.

Usually the foreign debts of the country are of greater importance for its trade policy than the internal debts. As the foreign debts influence the balance of payment of a debtor country by influx of capitals and later by reflux of paid interests and sinking funds they can play a decisive part in the foreign trade policy. The influx of the capital can help a country to sustain a passive balance of trade for the time being, the reflux can force it to seek an active balance at any price in order to avoid insolvency.

Poland was bound to become a debtor country. This fact is so plainly and clearly proved by her economic conditions in the first few post-war years that it seems unnecessary to discuss this question now in a more detailed way.

The influx of foreign capitals took place long before 1914.

These capitals served mainly for industrial purposes. Most of the industrial enterprises in Central Poland/Russian regime/ were developed or created by French, German or Belgian capital. The textile industry /Łódź/ was financed mostly by Germans, although there were several big enterprises with French capital, while the coal and iron industry in Central Poland were in French hands. There were some British investments but rather in the form of bonds of self-government institutions as the 5% Wilno City Council loan from 1912, subscribed by the British investors at a sum of £ 449.360.^{I/}

After 1918 there were many efforts to get foreign credits as Poland was almost entirely lacking in capital. It is very difficult to realise what was the true situation in this respect in the period between 1918 -1928 as there is no proper data available. But certainly some influx of capital took place.

Lord Kennet in his foreword to Mr. Wellisz's book, which contains the most detailed available analysis of the foreign capital in Poland, states that he could not find in 1926 any sufficient informations in this question, when discharging his duties as an economic adviser of the Polish Government. The information available was very fragmentary.

Therefore it is necessary to limit oneself to the State foreign debts and to the available fragments of private indebtedness. State debts of this period are mostly of war and relief character.

I/. Leopold Wellisz. Foreign capital in Poland. London. 1938.

Table I7.

State debts between 1918- 1924.

Creditor country	Initial sum in the currency of the creditor country.
I.Loans for services, supplies and advances during and immediately after the war.	
France	2.297.064.300 frcs.
U. S. A.	219.160.000 dollars.
Un. Kingdom	£ 174.000
II. Relief indebtedness.	
Denmark	434.500 kroners
France	280.000 frcs.
Holland	520.000 guilders
Norway	20.327.000 kronor
Switzerland	93.800 frcs.
Sweden	6.339.400 kronor
Un. Kingdom	£ 4.778.700
III. Plebiscite costs.	
France	178.617.900 frcs.
Un. Kingdom	£ 604.600
Italy	38.446.100 lire
IV. Mutual accounts arising out of the St. Germain treaty.	
Czechoslovakia	17.100.000 Swiss frcs.

The credits of the first group were granted by respective Governments mostly for foodstuffs /USA/ and the Polish Army in France during the war. The relief credits were allocated by the International Committee for Relief Credits in Paris. The Committee drew up an uniform type of debtor script at 5% of interest the redemption date being on January 1, 1925.

Poland was bound to accept financial obligations arising out of the succession of Austro-Hungarian Empire. There were many very intricate arrangements, impossible to represent in a ~~short~~ short way. Generally speaking, some categories of bonds were converted into Polish bonds, the other being repayable during a long period. These latter's value was estimated at £ 17 mill.

The Polish Government floated abroad the 6% Dollar Loan in 1920, subscribed mostly by Americans of Polish origin. The initial sum was circa 19.6 mill. dollars, redemption date - April 1, 1940.

The 7% Italian Tobacco Loan was floated on the Italian market according to the agreement with the Italian Government, concluded on March 10, 1924. It amounted to 400 mill. lire, redeemed from November 1, 1944. Its purpose was the establishment of the Polish State Tobacco monopoly, on which property and receipts the mortgage was granted.

There were also several goods credits granted by private firms to the Polish Government in this period.

The table I8 indicates the most important of these. There was an influx of capital by taking over existing enterprises or granting them special credits. These enterprises were mostly of a semi-monopolistic or State contractor type. The general data is not available. It is possible to mention some examples. The Starachowice Metallurgical Company had entered into an agreement with the Creusot-Schneider Co. and Messrs. Vickers for the development and the erection of munition works. The exploitation of the telephone system in a number of towns was taken over in 1922 by the Polish Telephone Joint-Stock Company of Warsaw, formed by foreign capital and the Polish Government.

I/

I/Cf L. Wellisz.

Table 18.

The private goods credits granted to the Polish Government till 1924.

Name of the firm	Date of agreement or debt consolidation.	Goods delivered or services	The sum due	Repayment and interest.
Baldwin locomotive works	July 28 1919	150 locomotives	Dollars 6.965.000	7 annual instalments beginning in 1923, 5 %.

Baltic-American Line	Jan 7 1922	Transport of munitions of war	Dollars 15.900	Paid off by the end of 1922. 6%.

Banque de France	Febr 18 1919	Printing of banknotes	Fr.fr. 3.566.115	Paid off before 1922

French private railways	.	Transport	Fr.fr. 3.000.000	"

Handley-Page Ltd	1919	Aircraft	L 121.275	1% above Bank of England rate 4 instalments 1921 - 1933

Aeronautico Ansaldo	1920 1921	Aircraft	Fr. fr. 1.259.605 Lire 1.440.074	7-8%. Two year after sign. of each contract.

CHAPTER V. THE LEGAL PROVISIONS.

§ 1. The first provisions regulating the foreign trade.

The Order of the Chief of the State, issued on February 7, 1919^{I/}, had prohibited any exports or imports otherwise than by special permission of State authorities.

To carry out this order the National Commission of Import and Export was created, a body of purely administrative character. It had several agencies, the Polish delegation in Paris ha-

ving an autonomous right of delivering the import permissions.

The Ministry of Industry and Trade published from time to time the lists of goods, for which exports and imports were automatically granted and the lists of goods entirely prohibited.

The practical application of the tariffs is one of the best examples of the difficulties which are to be overcome by the State, emerging from the ruins of three different economic and political systems. There were the customs offices to be organized, the tariffs to be elaborated, the frontiers still fluid. And the trade could not wait. Then, at the very beginning there were in force three different tariffs. Western Poland used the former Prussian tariff, Central and Eastern Poland - the Russian Southern Poland - the Austrian. The goods imported had to pay customs duties according to the tariff in use in the office in which cleared the given consignment.

As the economic conditions in Western Poland, virtually intact from the war ravages, differed widely from these of the other parts, the former German ^{customs} frontier was temporarily maintained. It had as its aim the preservation of this economically sound part from being drained haphazardly of its resources and thus disorganized to the detriment of the whole country.

Naturally the use of three tariffs was very inconvenient and created many injustices. But it was not so very harmful, because of the few imports other than military and State relief imports exempted from any duty.

The gradual revival of the trade rendered this system intolerable as the duties varied often widely according to the rou-

te of consignment.

Then the Cabinet adopted on May 26, 1919 a resolution authorising the Ministry of Finance to apply, until the introduction of an unified tariff, the most favourable tariff to the imports from the Allied countries and to clear these consignments in Warsaw.

§ 2. The customs clauses of the Peace Treaties.

There were inserted several customs clauses in the Peace Treaties, concerning Poland. Although not all of them were of any practical value it seems advisable to give their general summary in order to characterise the exceptional features of the period described, the attitude of the Allies towards Poland's economic problems and to give the basic notions for the first stage of the Polish-German customs war.

The treaty, concluded between Allies and Germany on June 28, 1919 at Versailles, limited temporarily the German tariff policy by its art. 264 and foll. It granted in these articles the most-favoured nation clause to the Allies i.e. to Poland also, without reciprocity till January 10, 1925,

In virtue of art. 268b any products originating from the formerly German part of Poland could be imported into Germany free during three years i.e. till January 10, 1923. The quotas of these products, fixed by the Polish Government, should not be larger than the corresponding average from 1911-1913.

The trade relations between Germany and Poland were influenced to some extent by art. 90, compelling Poland to authorize during a period of 15 years any exports of mining products free

from Upper Silesia to Germany.

Art.104 provided that a convention should be concluded in order to regulate the incorporation of Free City Danzig into the Polish customs territory.

Both the Upper Silesia's and Danzig's questions will be dealt in a more detailed way afterwards.

The Saint-Germain /art.224/ and the Trianon /art.207/ treaties imposed upon Poland an indefinite obligation to facilitate the deliveries of coal, food and raw materials to ~~Russia~~ Austria and Hungary.

The treaty concluded by Poland with the Principal Allied Powers at Versailles on January 10, 1920, contained the provisions, imposing upon Poland the restrictions in respect of trade policy to some extent reaching deeper than these imposed upon Germany.

Art.14 provided that before the introduction of a Polish unified tariff the goods originating from Allied countries when imported into Poland could not be subjected to higher customs duties than the most favourable duties of any tariff of former occupying States.

Art.15 provided that Poland could not conclude such an agreement which could hamper her in taking part in the general commercial convention proposed to be concluded by the League of Nations in a period of 5 years. Poland took obligation also to grant to the Allies any customs privileges, granted by her to the formerly enemy States, during the period of 5 years.

These provisions ,however, did not play any important part in the trade policy. The Polish unified tariff was introduced before the provisions of art. 14 entered into force, the League of Nations did not ~~bring succedde~~ in concluding a general commercial convention. The expectations aroused by the art. 23 of the Covenant of the League of Nations, reflecting the ideas of the 3rd Point of the President Wilson 14 Point Scheme ,were completely unfulfilled.

The second part of art. 15 was also without any practical consequences, Poland not having granted any peculiar privilege to the former enemies of the Allies in a five year period.

§ 3. The unification of the Polish tariff system.

On July 11, 1919 the frontier between Western Poland and the other Polish territories was abolished. ^{I/} It was the first effective step towards the unification of the Polish tariff system.

Meantime the special commission worked out the project of a new Polish tariff. Its task was by no means easy. All over the Europe the profound changes, both political and economic were taking place, Poland's economic situation was fully disturbed by the war. The three parts of Poland still far from being consolidated, the statistical and other data were not available. It was necessary to use the hypothesis, to work on the approximated estimates, not always correct.

On August 1, 1919 Parliament adopted a resolution containing the essential requirements for Polish foreign trade policy. ^{2/}

1/. J. L. 1919, No 58, i. 351.

2/. Cf. Chełmiński.

These were :

1./ The unification of tariffs should be completed as quickly as possible.

2/. National industry and its infant branches in particular must be adequately protected.

3/. The raw materials, machinery and other goods, indispensable for economic reconstruction as well as the necessary consumers' goods should enjoy in the transition period important reductions in import duties; clothes, shoes and all agricultural requirements being free of duty for a period of three months.

4/. Luxury goods should be charged high duties, even of a prohibitive character.

5/. Cereals should be free from any duties for a transitory period.

The first Polish tariff from November 4, 1919, introduced on January 10, 1920^{E/}, was of great importance for Polish trade. There was created a unique and common basis for foreign trade relations for all parts of Poland.

The tariff was based on the former Russian tariff. The choice of this latter was for several reasons. In the first place Central Poland, the most industrialised part, was accustomed to it and was convinced that the life of its industries was bound up with it. On the other hand the Russian tariff was the least specialized and the simplest which rendered it easier to handle by an inexperienced and inadequately equipped administration.

tration.

The Russian nomenclature as well as division into 10 groups and 217 numeros were retained, but the customs duties became more specialized, their number being increased from 739 to 1063.

This fact was due to the new needs arising out of industrial protection. There were also other changes necessitated by the changes in political and economic conditions. The Russian tariff protected rather raw materials and semi-manufactured goods. Poland in adopting it relaxed the regulations concerning these classes of goods and reinforced the protection of manufactured goods. For instance cotton, jute, wool, silk, raw hides, ores were contrary to Russian practice exempted from any duties whatsoever.

The tariff from November 4, 1919^{I/} was purely protective. There were only import duties specific and autonomous. These duties, although expressed in Polish marks, had to be calculated in gold, a difficult task, as there was no legal relation of the mark to gold.

Therefore the coefficients were introduced^{I/} varying, or rather increasing accordingly to the progress of the inflation.

The coefficient being initially 5, was established on February 20, 1920 at 10, a year later at 20. In May 1921 there was introduced the coefficient 150 for luxury goods which was rather a disguised increase of some import duties. Since then the coefficient became not only the means of readjusting the monetary

fluctuations but also as an instrument of trade policy. There were used the normal coefficient for the goods' classified as luxuries, the reduced coefficient for other goods with the exception of those enjoying the special autonomous reductions. This coefficient for luxury goods replaced the practice of establishing for them import duties in gold, expressed afterwards in Polish marks varying in accordance with the depreciation of the Polish currency.

Special duties reductions and exemptions were necessary owing to the abnormal conditions after the war. They concerned the raw materials, industrial equipment and consumer's goods. The Ministry of Finance with the Ministry of Trade published the orders on this account.

I/

There were 3 kinds of duties reductions :

1/. The reductions applied by the customs offices on the basis of the corresponding order without any formalities, because the given importance fulfilled all the conditions of the order. These reductions were called automatic.

2/. The reductions, granted when fulfilling the conditions of an order, but after receiving the certificate of the Ministry of Industry and Trade /from 1922 issued by the Ministry of Finance/.

3/. The reductions, granted individually according to economic requirements, by the Ministry of Finance without any fixed rules. This category was abolished in 1922.

1/. Cf. Chełmiński. Le problème douanier en Pologne.

The order of 4th November 1919 /J.L.No.95,i.512/ introduced together with the tariff was the first to classify generally these reductions.

The goods enjoying the reductions were divided into 3 groups
1/.Materials for clothes of inferior qualities exempted from import duties for 3 months period.2/.Certain means of production and consumer's goods for a period of 3 months,their exemption liable to be prolonged.3/.Machines and tools exempted according to the opinion of the Ministry of Finance and the Ministry of Industry for a period of one year.

In 1919 a Committee of customs reductions was set up as an advisory body of the Ministry of Industry.Its powers were taken over in 1921 by the Customs Committee.

This system was subjected to many transformations.The exemptions became rare,but there was introduced a whole system of autonomous reductions,comprising various goods in different periods.These reductions were based upon the so-called "reduction" coefficients,much lower than the normal coefficient being 2%, 10%,20%,or 40% of this latter.

§ 4.The regime of the foreign trade.

The Commission for Import and Export from 1919 was inadequate and too bureaucratic a body for the changing economic conditions.^{I/}On the other hand the inflation causing real prices in Poland to be far below these in other countries threatened seriously that exports could be dumped abroad to an extent which

I/.Cf.Guide du Commerce Mondial.René Sygietyński.La Réglementation du Commerce Extérieur en Pologne.

would deprive the country of consumer's goods and raw materials necessary to the general welfare.

There were even proposals made by the Polish peasant party to forbid any exports at all.

The law of July 15, 1920^{2/} about the foreign trade exchanges put into force on November 20, 1920 provided the elastic control of the goods turnover with abroad and created the bodies to enforce it. The following bodies were put under the Ministry of Industry and Trade :

- 1/. The Central Office of Imports and Exports, 2/
- 2/. The Chambers of Imports, controlling the foreign trade of particular branches not having their own Chambers.

The law of July 15, 1920 distinguished between three kinds of goods, as subjects of Polish foreign trade :

1. The goods, which when fulfilling the conditions laid down by law, tariffs and custom orders, could be exported or imported without any further authorization.
2. The goods, the imports or exports of which were forbidden.
3. The goods, the imports or exports of which were subjected to the special authorizations.

The economic aims of this law expressed in its Parliamentary papers and motivation were the reason there as follows :

The obstacles for Polish production, the lack of coal and that of railway rolling-stock caused Polish exports in this period to be insignificant in relation to the imports. It would be

I/. J. L. 1920, No. 79, i. 527.

unwise, it was felt, not to profit from the inflation in order to penetrate the markets, but on the condition that these exports were rationally organized without prejudice to the internal reconstruction.

On the other hand it was necessary to limit the imports to the indispensable goods, i.e. to the raw materials and means of production necessary for reconstruction and development of industry and agriculture as well as to the kinds of consumers' goods, produced in Poland in too small quantity to satisfy the essential needs of the population.

While carrying out the provisions of the above law the Central Office for about 4 years, till the replacement of the regime by a new one, issued several lists of goods prohibited for import or export. As a rule luxury goods or goods not necessarily to the country were prohibited, while the prohibition of export concerned first of all cereals and raw materials necessary for the nation's industries.

The decrees issued on February, 14 1922 ^{I/} can be given as an example of this policy in the period of its relaxation when shifting slowly towards free trade. The importation of 17 items of the tariff was prohibited as sweets, cigarettes, liqueurs, cosmetics, perfumes while many foodstuffs were prohibited to be exported, such as cereals in grain, flours, vegetables, sugar, fresh meat, cheese, butter, eggs, raw hides, bones, ores, iron scrap. The other foodstuffs and goods were allowed for export without permission from this date.

§ 5. Constitutional provisions regarding foreign trade policy.

The constitution of the Republic of Poland was decided by vote on March 17, 1921, that is to say after the introduction of most legal provisions forming the basis of foreign trade regulation.

Two articles contained the provisions concerning foreign trade policy : Art.6 and art.49.

Art.6 stated : "Only an Act of Parliament can authorise the issue of a State loan, the alienation, exchange or mortgage of State property in land, the establishment of any fiscal charges / / taxes, tariffs, monopoly /, the introduction of financial guarantee of the State."

Art.49 provided : "The President of the Republic concludes the treaties and international conventions and brings them to the ~~treat~~ knowledge of Parliament. The commercial treaties, the tariffs conventions, the agreements causing the permanent financial charges for the State or obligations for the citizens or implying any modification of the frontiers and finally the alliance treaties - require the consent of Parliament ".

How these provisions were carried out and what changes were brought about after some years will be discussed later in greater detail.

In the first period the provision of art.49 proved to be very inconvenient. A long time elapsed between the conclusion of a convention and its ratification by Parliament, when both contracting parties were eager to benefit from the convention

as quickly as possible. Therefore, efforts were made to bring some changes in this respect.

As regards the provisions of art.6 concerning the tariffs, these remained a dead letter. The introduction or establishment of individual duties was carried out in the way of departmental orders on the basis of the above-cited resolution of Parliament from August 1, 1919 which was rather doubtful from the legal point of view.

§ 6. The Free City of Danzig.

Poland was given by the Treaty of Versailles an access to the sea. But as most of this Treaty's solutions this one was also half-hearted. There were no ports of any importance on the shore fully incorporated in Poland. Danzig, the centuries old port serving Polish maritime trade and situated at the estuary of the principal Polish river, the Vistula, was granted an exceptional and legally undefined status of free city, not having sovereign rights, but sufficient self-government to impede Poland's own economic policy. There is no place to make a full analysis of this intricate and very peculiar situation, but it is necessary to have a general idea about the principles ruling the relations between Poland and her natural sea outlet in order to understand the shaping of Polish trade policy.

The Versailles Treaty in art. 104 provided that the convention should be concluded in order to incorporate Danzig into Poland's customs territory and to establish the free zone in its port.

At first sight this seemed satisfactory. The incorporation of the port into the custom frontiers should have been sufficient to insure its development according to the economic needs of the country and to preserve the unity of its foreign trade policy. But the executive provisions and the practice changed this too simple solution.

The Treaty did not state who had to carry out the customs administration on the Danzig's territory, being in theory part of the Polish customs system. The Supreme Allied Council decided on July II, 1920 that there would be a separate custom's administration of the Danzig territory.
I/

The provisory convention concluded on April 23, 1920 stated that although there was a customs unity both parties had to administer their customs territories separately. This convention was replaced by the convention concluded on November 9, 1920 in Paris. /J.L. 1922, No. 13, i. II 7/.

It stated in the art. 13 that the Free City of Danzig was placed inside the Polish customs boundaries, Poland and Danzig forming one customs territory ~~was~~ subjected Polish law and Polish tariffs. But the following articles 14 and 15 provided that Danzig was a separate customs unit, administered by its own customs officers under the control of the Polish Central Customs Administration, the discharge of all custom functions being under the supervision of Polish customs inspectors, delegated for this purpose to Danzig. The City administration was responsible for col-

I/. Cf. Chełmiński.

lecting the duties, observing all customs regulations and prosecuting and preventing any violations of these latter.

The duties were to be paid , according to the choice of the payer, in Polish or Danzig's currency. The Free City had to have a fixed share in Polish customs revenue, taking into account the proportion of customs duties collected for the goods for the use in Danzig and these for Poland.

Art. 17 provided that Poland and Danzig ought to conclude the further convention in order to regulate the application by Danzig of the Polish customs legislation, to readjust Danzig's regulations concerning the monopolies and indirect taxation to these of Poland, to establish the rate of exchange of currencies when collecting the duties etc.

Art. 18 maintained the existence of the free zone in the ~~port~~ of Danzig, placing it under the administration of the Council of the Danzig's Port and Waterways, a mixed Polish-Danzig body. The Council had the right to change the frontiers of the zone as well as its regime.

The last provision to be mentioned is that of art. 39 , according to which all the disputes between Poland and Danzig were to be submitted to the High Commissioner of the League of Nations in Danzig with the right of appeal to the Council of the League of Nations.

The Warsaw Convention was concluded between Poland and Danzig on October 24, 1921 ^{I/} as the executive and supplementary to that of Paris. It prescribed the application of the Polish cus-

toms legislation on the territory of Danzig since the date of January I, 1922^{I/}. After this date any Polish customs regulation or tariff was to be applied automatically on the Danzig's territory.

But the Polish Government was bound to inform Danzig's authorities reasonably early about any endeavours to change the customs regulations. The representatives of ~~Danzig~~ business should be heard in the same way as the representatives of Polish business circles. Generally speaking the Polish Government had to take the utmost care in its customs policy to preserve the interests of Danzig.

The nature of the customs administration of Danzig may be seen from the following : The Danzig's customs administration had competence corresponding to that of the Polish second instance, being thus subordinated directly to the Polish Ministry of Finance. Poland supervised Danzig's customs administration by the Polish customs inspectorate, officers of which had the right of control, but no other. They could not give any order even in exercise of their control duties to the Danzig's customs officers. In the case of divergency of opinions between Polish inspectors and the Danzig's authorities e.g. the classification of goods, the Polish Ministry of Finance had to decide. But it is necessary to bear in mind art. 39 of the Parisian Convention and all its protracted procedure, which should be applied if Danzig obstinately refused to carry out the final decision of the Polish authorities.

Art. 206 of the Warsaw Convention fixed the share of Danzig in Polish customs revenue. As a basis the number of inhabitants in each territory and the average per head respectively of the cleared consumers' goods were adopted. For the first 3 years, after January 1, 1922, the average of consumption for a Danzig inhabitant was fixed 6 times as great as that of a Polish inhabitant. The costs of administration were to be paid by the respective authorities separately. Certain exemptions from the general rule were granted to Danzig e.g. the privilege of issuing the permits for the import of semi-manufactured goods for further processing and export, the authorizations of facilities in the frontier traffic, the franchise of samples and so on.

The Free City of Danzig undertook to introduce after April 1, 1922, on her territory all restrictions of an economic character, concerning the import and export, virtually in force in Poland. These restrictions did not cover the sanitary or veterinary measures, /Art. 211/.

Poland had to inform the Free City of Danzig about the restrictions in force before April 1, 1922. Any new restrictions were to be notified before introducing them. If the Free City disagreed with them it had the right to establish the quotas of goods to be imported or exported from the Danzig's territory free of these restrictions, taking into account the needs of the Danzig population, its industry, agriculture and productive capacity, Poland was bound to recognize thus one-sided established quotas. /Art. 212/.

The Free City had also the right to export the products of its agriculture and industry even in the case of general export prohibitions/art.213/ being able to limit these exports in order to avoid the difficulties in providing itself with food, fuel and raw materials.

The turnover of goods between Poland and Danzig was exempted from any restrictions after April 1, 1922 /art.215/ during ~~in~~ a period of 15 years.

The Polish Government representative in Danzig was to appoint his mandatory at the Foreign Trade Office of the Danzig's Senate. This mandatory had duties of supervision and control of the carrying out by the Danzig authorities of regulations concerning restrictions of import and export. His position was analogous to that of the Polish customs inspectors in Danzig.

The Warsaw Convention came into operation ten days after its conclusion on December 31, 1921. But one of its most important parts, concerning the restrictions of import and export was subject to further negotiations and finally was put into force only on October 1, 1922.

§ 7. Upper Silesia.

It is easy to realise what a complex of many intricate, various and important problems represented the question of incorporating the Upper Silesia region into Poland.

A big mining and industrial district established into the economic fabric of the powerful industrial State was to be divided according to the political results of a plebiscite, one of the

parts being afterwards incorporated into the newly created economic unit -Poland.

Such an incorporation was bound to have far reaching results for both interested parties, but the more far reaching were experienced by the economically weaker Polish party. The Polish economic unit was enriched by the coal and foundries production which was now several times as great as formerly. This fact had essential importance for the future shaping of Polish foreign trade. On the other hand the transition period, the period necessary for adjusting both the structure of recently restored Poland as a whole and of her last incorporated part, rendered necessary careful and intricate regulations.

Because of this essential importance of the Upper Silesia district for the future of Poland's foreign trade and of the part played by the transitory regulations in the Polish-German trade it is necessary to analyse these regulations in a more detailed way.

First exceptional provisions concerning the economic situation of Upper Silesia were included in the Versailles Treaty. Art. 90 provided that Poland was bound to permit during 15 years many exports of mining products from her parts of Upper Silesia into Germany, free of any duties or restrictions.

There was applicable also the above mentioned art. 263b, allowing to Poland to export from formerly German Polish provinces all their products to Germany, completely free during a period of 3 years.

The Conference of Allied Ambassadors ,which took place after the Upper Silesia plebiscite, in the decision of October 20, 1921, established the principal rules of the future regime of Upper Silesia. It contained ,amongst others, the exceptional facilities in export and import . Their primary task was to maintain the economic unity of Upper Silesia and to enable this region to adapt itself to the new conditions. The Conference enlarged the regulations of the mentioned art. 90 by imposing upon Germany also the obligation of authorising free exports of mining products from her part of Upper Silesia into the Polish one. The quotas were to be established according to the average consumption of 1911-1913 period.

The Polish-German convention, based upon these rules, was concluded in Geneva on May 15, 1922^{I/} and put into force shortly afterwards. The actually interesting clauses were grouped in the Fifth Part/ The Economic Questions/.

These clauses established ^{the full franchise or} ~~several~~ import and export quotas of raw materials and products for the transitory periods varying from some months to fifteen years.

The quotas influenced Poland's foreign trade by limiting freedom of action or facilitating it in respect to the articles concerned as coal, cereals , sulphuric acid, pit props, milk etc. More detailed data is to be found in Appendix No 3.

The most important provision proved to be that concerning the imports of coal into Germany.

CHAPTER VI. THE VOLUME OF THE FOREIGN TRADE AND ITS FLOW.

§I. The import needs and export possibilities.

Before analysing the available data, concerning Polish foreign trade in the period discussed it seems useful to give an account of what the country needed to import and what were its exporting possibilities. Such an account will be helpful not only for estimating the results of this period but also for making a comparison with later development and the flow of Poland's foreign trade.

When speaking about the import needs one must discern two groups, sharply divided from the point of view of their economic aims and destination, while difficult to trace in reality.

To the first group belong all the import needs : a/ resulting from Polish natural resources in negative way i.e. lack of some raw materials as copper, high grade iron ore, cotton etc. b/ resulting from the economic structure inherited from the partition period i.e. insufficient development or nonexistence of many branches of industry as in chemical industry /fertilizers imported from Germany/, electrical industry. These needs could be defined as structural ones, caused by the economic structure in the given conditions and in the given period.

The second category comprises the import needs arising from the war devastation and peculiar conditions of Poland in the first few post-war years. Here belong the imports of consumers' goods as foodstuffs and textiles because of general exhaustion and destroyed means of production as well as imports of means of

production to replace those destroyed by war action or robbed by occupants. Although there are fluctuations of the import needs in the first group, many of them increasing, decreasing disappearing in dependence of the changes in the economic structure - the needs of the second group differ from them, because they are in a steady, after very prompt decline and finally disappear completely.

The reciprocal relation of both groups is conversely proportionate, which is quite a simple and logical phenomenon. The restoration of normal economic conditions progressing, the extraordinary needs were bound to decrease gradually, when the normal needs increased. It is impossible to give a full and detailed review of all these needs of both groups. But one can form a general idea of their scope by remembering the amount of war losses and devastation on one hand and the economic structure of the partitioned Poland on the other. Both groups of import needs, according to branches of economic activity were as follows/according to the division in two groups/ :

I. Agriculture - a/ fertilizers, the raw materials serving for their manufacture and agricultural machines and implements. The demand was very elastic in dependence of purchasing power of agriculturists i.e. the agricultural prices./Formerly imported from Germany/. The same needs only in specie resulting directly from destruction and disuse of fertilizers during the war. Also foodstuffs as cereals, meat, fats, milk products because the agricultural production did not cover temporarily the internal dem

mand.

II. Agricultural industry - machinery for sugar and distillery works - partly imported from Germany as above.

III. Mining products - a/ coke, as Polish coal in Upper Silesia region was not of proper quality in this respect /formerly from Austria/, highgrade iron ore, formerly imported from Russia in order to mix with the Polish ore, containing only 40% Ferris oxide. Noble semi-base metals as gold, copper, nickel, tin and other.

b/ Big imports of coal because of decline of the production and cutting from the mines by new frontiers. This problem existed till incorporation of Upper Silesia in 1922.

IV. Metal and engineering industry :a/normal replacement of machinery especially tooling machines, formerly imported from Germany.

b/The needs to replace the machinery destroyed and that requisitioned by Germany.

V. Textile industry :a/Replacement machinery, cotton yarns /fine counts/ woolen yarns, raw and wool. Machinery of German and British origin formerly imported by German intermediary, cotton in 40% imported from Russia, the rest from India and Egypt. b/Practically all the machinery and raw materials, total industry being fully destroyed and robbed by Germans.

VI. Jute industry :a/Replacement machinery imported formerly from England and Germany, raw materials from Calcutta, b/As in Vb.

VII. Chemical industry :a/Pyrites, Nitrates, Phosphates, formerly bought in Hamburg, raw materials in 75% for dyeing /as tar/ imported from Germany, machinery and apparatus for soap production -

from Germany, olein from Russia, fats - largely from the British Empire.

VIII. Tanning industry :a/ For manufacturing of sole and harness leather, all extracts as quebracho imported formerly from Germany. This list does not exhaust all the needs and should be treated rather as an illustration, but it contains most of the important items.

Generally speaking Poland's economic needs of imports were thus restricted : in the first group - coke, high grade iron ore, noble and semi-base metals as gold, copper, nickel, tin etc., tropical and subtropical foodstuffs, textile raw materials, some types of machinery and high class technical articles etc., in the second group - foodstuffs, textile goods, machinery and tools, and raw materials, necessary for the first stocks of industrial enterprises, chiefly textile raw materials, hides, etc.

The export possibilities changed greatly during this period. At the beginning the war devastation rendered impossible export of almost every kind of goods. The most typical pre-war export goods as foodstuffs, livestock, /especially pigs/, poultry, textile goods, leather goods and metalware as enamelled pots, became owing to the abnormal conditions of the post-war period the most urgently needed import goods.

The first essential needs of consumers and producers satisfied, it was possible to find some surplus of produced goods for export. The first recovered agriculture, and textile industry both branches having old export traditions.

Although the production regained the pre-war level only gradually, the surplus for exports was more easily secured, than it would be possible to judge from the data of production. The chief causes were the shrinking purchase power of population forced to keep a lower standard of life and the incentives of big profit, caused by discrepancy between the Polish and foreign prices. The incorporation of Upper Silesia added two big items to the Polish export list : coal and metallurgical products.

§ 2. Peculiarities of the Polish market especially from
the point of view of trade with Britain.

Before 1914 the German traders held a virtual monopoly of the Polish import trade and played a prevailing part in the Polish export trade. Western Poland, belonging to the German State, completely depended on Germany. There was no practical possibility for any emancipation of an agricultural area included into a big industrial organism. Southern Poland was also wholly dependent on Austria proper and Germany. Central Poland /although under Russian regime/ owing to her geographical position was also entirely dependent on Germany. The only exception was the textile and jute industries, importing from Britain directly the machinery and materials and exporting to Russia and Eastern countries.

Even in the case of commercial relations between Polish and British, French or other firms, these latter were represented by German middlemen. As German economic policy favoured the ports of Hamburg and Bremen, most of the Polish trade with other than

continental countries was passing through these ports. Gdańsk /Danzig/ was gradually turning into a local port with decreasing traffic.

Therefore, when in 1918 Poland regained her independence there was a complete lack of knowledge of Polish market conditions on the part of the Western businessmen.

On the other hand the Polish business world was more than willing to throw off the German commercial yoke. Many Polish businessmen at the very beginning tried to enter into close relations with the big Western exporting and importing countries. France and Britain were especially popular. At the first many connections were established, but the further development met many obstacles. These obstacles had two sources :1/The lack of knowledge of the Polish market conditions and general distrust of transactions with Poland, 2/the inflation and resulting from it depreciation of Polish currency, discrepancy between Polish and Western prices, tightness of money etc.

Polish importers needed credits and were accustomed to get them, but the Western exporters were unwilling to grant them. The prices of goods from the countries with the high rate of foreign exchange like the pound sterling, were far above the prices, e.g. of German goods, enjoying at this time the inflation premium.

On the other hand Polish exporters lacked also the knowledge of new markets, which led to many lapses. It required also

But instead of analysing longer all these peculiarities it is better to give a quotation from Mr. Kimens' report, /Febr. 1924/ concerning the Polish-British relations.

"The recommendation to sell goods in Poland on a credit basis is advocated, but with certain reservations and the usual caution; even now business can be done on such a basis without special risk; the employment of the right persons as agents will safeguard British interests from losses and, although it may sound paradoxical, the sale of goods direct on a cash basis presents often more risk than on credit through the intermediary of good and reliable agents.

Sufficient stress cannot be laid on this point, to which attention has been drawn in previous reports. On it depends to a large extent the capture of the Polish market....."

....."In order to overcome the disadvantages resulting from the less favourable geographical situation of Great Britain than of Germany, Austria and Czechoslovakia, owing to which deliveries cannot be effected promptly, it is essential to have consignment stocks of British goods. A further advantage of these stocks is the possibility of avoiding losses in the exchange which cannot as yet be discounted, as goods can be sold at the equivalent in Polish marks ruling on the day of the sale and converted on the same day into sterling.

It is further essential for British merchants:

a/ to adapt themselves to the local requirements and the taste

of the people,

b/

b/to quote the prices f.o.b. Danzig,

c/to accompany offers and tenders by catalogues and drawings giving, if possible, the measures and weights in the metric system;

d/to send out periodically English representatives for the purpose of inspection of local agencies and for visiting of clients

e/to correspond either in Polish, French or German,

f/to employ as agents only Poles or Englishmen,

g/to abandon the pre-war practice of appointing German houses for the representation of British firms in Poland.

On the degree to which the above recommendations are carried out will depend the increase of British exports to Poland. If they are neglected there will be no development and British goods will be purchased only if their substitution by goods of other origin is impossible!

It seems that three years of experience were still insufficient to make British businessmen more elastic in their methods. The endeavour of British firms to obtain orders for rolling-stock broke down in 1920 and 1921 over the question of prices and conditions of payment. Competing firms of other nationalities were prepared to sell locomotives and wagons on credit basis without special security, while the United Kingdom firms demanded the earmarking of special sources of the revenue of the State for the service of the loan or definite securities which the Polish Government refused to give.

It is necessary to emphasise that according to Mr. Kimens English prices in 1921 were about 50% higher than these of the

other countries, when in 1923 this difference still amounted to 15-35% being not justified by superior quality of goods.

Good illustration of the possibilities of Polish-British relations is to be found in the same report, when Mr. Kimens gives a list of goods which could be exchanged between these two countries.

"To import from Britain:

1. Colonial goods. Rice, Burmah Nr. 2, condensed milk, margarine and other fats, preserved and canned fish, fruits, tea, coffee, cocoa, beans, spices such as cinamon, pepper, ginger, cardamum, nutmeg, clove, vanilla beans, spimento, vegetable oil such as coconut cottonseed, ground nuts, linseed, gums, waxes, essential oils of all kinds.

2. Chemicals. Acids such as acetic, boratic, citric, tannic, tartaric, chrome, alum, antimony, cobalt, lead acetate, potassium chlorides, quick silver, zinc oxide. Fine chemicals and drugs of all kinds.

3. Machinery, etc. Boilers, flour-mill plant, cycles, electrical plant, dynamos, motors, switch-gears, transformers, machine tools etc boring machinery and other articles for mining~~g~~ industry, wood machinery, goods required by the petroleum industry as wire and manilla ropes, belting, fittings, railway equipment.

§ 3. Actual imports and exports

The estimate of actual imports and exports of the re -

covery period is a task by no means easy. During the first years of independence the administrative apparatus was still in statu nascendi, the officials lacking proper experience. The chaotic monetary conditions rendered extremely difficult the task of collecting data about the value of the foreign trade.

The data of this period is therefore incomplete and must be treated as some indications rather, than the strict statistical figures.

I/

Table 19.

The volume of the foreign trade in thousands tons.

1920		1921		1922		1923	
Import	Export	Import	Export	Import	Export	Import	Export
3.530	620	4.845	2.028	3.339	4.917	3.194	17757

Table 20.

The value of the foreign trade in thousands of £.

1920		1921		1922		1923	
Import	Export	Import	Export	Import	Export	Import	Export
no data		value of export amounted to 10.5% of that of import		18.401	12.892	45.096	48.361

Table 21.

The tonnage of the foreign trade according to destination in thousands tons.

Country	Jan.-June 1920		July-Dec. 1920		Jan.-June 1921	
	Import	Export	Import	Export	Import	Export
Gr. Britain	20,8	9,5	16,8	4,4	18,3	43,5
Austria	57,9	30,8	38,4	16,9	76,6	258,4
Czechoslovak.	46,5	7,1	102,6	65,3	317,7	87,4
France	7,1	0,8	7,7	1,4	10,6	4,5
Germany	1.601	117,2	1.232	121,6	1.625	239,5
Roumania	4,8	2,1	40,7	1	90,5	7,4
U. S. A.	74,7	0,1	48,8	0,1	140,5	0,3
Other countries	114,1	41,3	154,3	48,4	189,9	237,2
	1.907	209,1	1.621	411,2	2.470,2	878,3

The import needs of extraordinary, transitory character pre

I/See footnote on p. 91.

vailed during the first few years, corn, flour and coal being the biggest items together with the machinery for the destroyed industry.

Table 22.

The tonnage of the foreign trade according to destination and classes of Brussel convention in thous. tons. /Jan.-June 1921

	Foodstuffs		Raw materials		Semi-manufactured goods		Manufactured goods	
Country	Import	Export	Import	Export	Import	Export	Import	Export
Gr. Britain	9,1	12	3,2	26,8	0,4	0,16	5,6	4,5
Austria	16,1	2,7	10,1	204,7	1,8	0,1	48,5	50,9
Czechoslov.	7,4	0,1	246,5	64,6	1	0,1	62,7	22,6
France	1,7	0,2	1,9	2,8	1,2	0,1	5,6	1,3
Germany	7,6	52,7	1.593,7	158	0,6	0,4	23,9	28,3
Roumania	87,9	-	1,7	6,1	0,9	-	-	1,3
U.S.A.	87,3	-	18,1	-	0,1	-	34,6	0,3
Other countries	144,6	37,2	23,4	167,5	1,3	1,4	18,8	31,2
	361,8	104,9	1.899	630,6	7,3	2,3	200	140,4

In 1921 still 1/2 mio tons of corn were imported. The self-sufficiency in foodstuffs, the restoration of industries helped to regain the equilibrium, as value of exports in relation to that of imports increased from 10,5% in 1921 to 70% in 1922. The full equilibrium, even with some export surplus, was obtained in 1923. The incorporation of part of Upper Silesia was one of the decisive factors. The import of coal from Germany, a big item /about 2,5 mio of tons in 1920/, ceased completely and coal converted from an imported in an exported commodity. //About 6 mio tons in 1924 to Germany/. The other chief articles of export were sugar, seeds, spirits, livestock, mostly pigs, timber, oak-staves, plywood, petro-

leum, starch, bristles.

The principal customer of the Polish foreign trade was Germany, her share being 50-60% of the total value in 1923. This data does not give a full picture of her share. Many German goods were imported through other countries as Austria, Czechoslovakia, without indicating their German origin.

There was also a considerable amount of semi-illlegal trade, chiefly with Russia, often on a barter system. This trade is also not reflected in the statistics, for instance, about 60% of the Polish textile production was exported at this time to Russia.

2/
§ 4. The share of Great Britain.

The difficulties hampering the proper development of the British-Polish commercial relations were exposed above.

Now it is necessary to analyse the available data, concerning the actual turnover of goods in the period discussed.

The list of more important goods, imported to Poland in 1920 illustrates the share of Great Britain in the Polish trade at the very beginning :

1/. Tables 19 - 22 and figures in the text of this paragraph were compiled from data, comprised in Guide du Commerce Mondial, Reports of Mr. Kimens and Statistical Yearbooks of Poland.

2/. The data from reports of Mr. Kimens.

Table 23.

Import in 1920 in tons.

Description	Total import in tons	Import from Britain
Wheat and flour	222.214	1.352
Rice	10.442	755
Fish	65.425	9.254
Tea	1.539	514
Rgw cotton	19.916	3.896
Jute	214.140 ?	1.538
Tanning materials	5.510	763
Pig iron	7.302	295
Phosphates	19.143	2.101
Locomotives/pieces/	150	-
Goods wagons "	8.707	-
Iron boilers	474	-
Motors.turbines & similar mach.	2.589	77
Electric.machinery	1.692	13
Metal-working.mach.	2.379	228
Textile mach.	408	44
Agricultural mach.	9.513	1.175
Sewing mach.typewriters,etc.	259	15
Motor cars /pieces/	6.061	195
Cotton materials	3.544	278
Woolben "	1.503	70
Soap	5.057	1.074

The share of Britain in the tonnage of imported goods was rather small in 1921. It was insignificant in foodstuffs and raw materials, when in manufactured goods it amounted to 3%. Same illustration is given also by the tonnage of ship entering Danzig. But the tonnage does not illustrate sufficiently the real part of Britain in Polish imports. There is a data of value of the foreign trade in 1923. British imports in 1923 amounted to £.3.336.000 yearly i.e. about 7% of the value of all imported into Poland goods. The value of the Polish export to Great Britain amounted to £. 2.688.000 in 1923 i.e. to about 5.7% of the value of all Polish exports.

The maintenance of the value of British imports in spite of

the further depreciation of the mark and the reduced purchasing power of Poland in the countries with a "dear" money such as the pound sterling was partly due to the lessened competition of Germany. German inflation premium began to disappear when the payment for the German goods had to be made in dollars or Swiss francs.

Mr. Kimens characterized the situation in these words : ".... the volume of British trade is insignificant in comparison with that of the German trade and it will never be possible for Great Britain to approach Germany on the Polish market owing to the natural advantages of the latter country, but last year has shown that Poland is not a negligible market for the sale of British goods and that consequently imports should increase considerably with a stabilized exchange, the advent of more favourable conditions in general and the adoption by the United Kingdom merchants of certain indispensable business methods in use in Poland. "

CHAPTER VIII. THE FOREIGN TRADE POLICY OF THE RECOVERY ----- PERIOD. -----

§ I. Treaties and Conventions.

The unstabilized conditions, prevailing in the first post-war years as well as the deep changes in the political and economic structure of Europe, especially of this part, where Poland is situated, rendered impossible any far-reaching commercial policy.

Therefore, till the middle of 1921 the Polish Government concluded only so-called agreements of compensation, which were ra-

ther barter transactions, consisting in the mutual exchange of given quota of merchandise with a given country. These agreements concerned mostly Czechoslovakia, Austria, Hungary and Italy. First Commercial conventions in a pre-war style were concluded with Roumania on July 1, 1921 and with France on Febr. 6, 1922. There were also concluded in 1922 the conventions with Switzerland, Yugoslavia, Belgium, in 1923 with Turkey, United Kingdom, Finland. Full list of conventions is to be found in the Appendix No. 8.

Most of these conventions were concluded for a short time with the tacit renewal for an unlimited period. They could be denounced therefore at any moment. All these conventions, except that with France, were based upon the most-favoured-nation clause. This clause was unlimited and unrestricted with the usual exceptions for the privileges, accorded in respect of frontier traffic, Customs Union /if any concluded/ and the provisional Customs regime between the Polish and the German parts of Upper Silesia.

The conventions usually declared the desire to leave the trade free of any restrictions except those necessary to safeguard the economic interests of the country. There were also the typical exceptions of sanitary measures, public security, monopolies.

§ 2. The commercial treaty with the United Kingdom and
the commercial convention with France.

The greatest importance was attached at this time to two

commercial agreements :the treaty with the United Kingdom and the convention with France.

The convention with France, concluded on febr. 6, 1922^{I/} was a rather peculiar one, the most-favoured-nation clause being granted by one side only, by Poland. France tried at this time to carry the policy of strictly reciprocal concessions in her trade agreements and therefore abandoned the practice of the most-favoured-nation clause. This convention contained the reductions of duties being a unique exception in this respect among others. On the list A were specified numerous goods originating from France or her Empire, enjoying the reductions of 25-50% from the autonomous duties. The list B and C were composed from the Polish goods, these on the list B enjoying the French minimum duties, these on the list C - the reductions from the general tariff, but not so greatly reduced as minimum duties. The list D contained the colonial goods and foodstuffs which could enjoy the most reduced duties notwithstanding their origin on the condition of being imported by French or Polish firms established in France.

On November 26, 1923 a treaty of commerce and navigation was concluded between the United Kingdom and Poland.^{2/}

The treaty was based upon the most-favoured-nation clause. This clause was extended to the treatment of subjects or citizens of the two Contracting Parties in the territories of the

1/Cf. Le Guide du Commerce Mondial, also J. L. 1922, Nr. 50, i, 422.

2/The full text and the list of goods were published in the Board of Trade Journal, No. 1911, December 13, 1923.

other, as well as to the ships and goods produced or manufactured in their territories./art.I and II/. Imported articles, entitled to lower duties than articles of other foreign countries not placed on the footing of the most favoured-nation, should be accompanied by certificates of origin /art.II/.

There were the usual restrictions of the most-favoured-nation clause, which did not apply to the privileges, accorded in respect of frontier traffic, Customs Union, the provisional Customs regime between Polish and German Upper Silesia. Likewise the coasting trade and river traffic was excluded, the Contracting Parties having right to reserve them to national ships. The ships of each of the ~~Contracting~~ Contracting Parties enjoyed in the ports and internal water ways of the other Contracting Parties treatment not less favourable than that accorded to national ships or ships of the most favoured nation. Each Contracting Party permitted the importation or exportation as well as the carriage of passengers from or to their respective territories upon the vessels of the other /art.IV/. The treatment of transit traffic on the same footing as national one was assured/art.V/.

The associations and companies constituted in conformity with the laws of one of the Contracting Parties were permitted subject to the laws of the other, to establish themselves in the territory of the latter, and to exercise their rights and engage in industry. They were permitted, subject to the national legislation governing such transactions, to acquire, own or hire the landed property, required for their proper functioning. They

were not subjected to any fiscal charges other or higher than those imposed on national associations and companies./Art.VI/

The stipulations of the treaty were not applicable to India or to any of His Britannic Majesty's self-governing Dominions, Colonies, Possessions or Protectorates unless notice was given by the British legation at Warsaw of the desire that the said stipulations should apply to any such territory./Art.VII/.

The certificate of origin had to be issued by the Chambers of Commerce with the visa of a State authority for the merchandise shipped to Poland. The certificate had to state the country where the merchandise had been wholly produced /manufactured/ or that not less than 50% of the total value of the merchandise was attributable to cost and labour and raw materials of the country enjoying the privileges of the treaty.

As regarded the merchandise shipped from Poland to the United Kingdom the certificate had to be issued by British consular authority and to state that the said merchandise was wholly manufactured in Poland or that 25% or more of its value was attributable to processes of manufacture undergone since it left any of the countries, being countries in relation to which an Order relating to such goods had been made under Part II of the Safeguarding of Industries Act, 1921.

In virtue of the most-favoured-nation provisions of the treaty the reduced rates of duty provided for certain French goods on importation into Poland were applied to similar goods of United Kingdom origin.

The following are examples of these reductions.

Locomotives, traction engines, steam turbines.....	30%
Passenger motor cars.....	40%
Textile machinery	25%
Electrical machinery.....	35%
Agricultural machinery.....	35%
Wool, combed, spun and twisted.....	30%
Cotton fabrics.....	25%
Fabrics of wool.....	30%
Fabrics, shawls and sharfs of the nature of cashmere.	40%
Wire of any metal except iron and steel.....	40%
Wares of soft or hard rubber.....	30%
Fish preserved in oil.....	50%

§ 3. An estimate of the trade policy.

The most essential factors and characteristic features of Polish trade policy in this period have been mentioned already general times. It is now possible to put them together and obtain a clearer and fuller picture.

There were several general economic aims to be achieved at this period :1/The reconstruction of the country.2/The unification and the readjustment of the Polish economy to the new conditions.3/The fostering of the general economic development of the country, especially of her industry.4/The monetary reforms and the reform of public finance.

The more specialized aims of trade policy were : 1/To facilitate the supply of goods and raw materials necessary for ree

construction. 2/To protect the infant branches of industry. 3/To get the raw materials and consumers' goods for industry and industrial workers in order to foster the industrial development and to keep lower cost of production. 4/To help the monetary and public reform by increasing the influx of foreign exchange and State income.

In order to carry out the trade policy the Government were powerfully armed from the legal point of view. They could forbid any imports or exports, which at the beginning they did. The legal control was absolute, but it was quite different from the economic point of view. The Government lacked ~~xx~~ experienced apparatus to carry out its orders, the economic life of the country was disorganized and weak. Thus it seems justified to take as granted that the trade policy while influencing the economic life was at the same time, perhaps even to a far stronger degree influenced by the weaknesses and necessities of the whole economic structure of Poland. The political influences were also very important. The democratic Parliament had to pay attention to its popularity among the voters and similarly the Government which was frequently being changed. The rise of prices of consumer's goods was exceedingly unpopular.

On the other hand Poland was a weak and unknown partner in the international economic world. She had to take into account the general tendencies and was not able to exercise any more important influence on the shaping of the world's economic conditions. On the other hand she was powerfully influenced by

them. The general belief in the possibility of returning to the pre-war free trade policy was expressed in the gradual de-controlling of trade as the best measure of its development.

After these general remarks it is possible to analyse how the above mentioned aims of the trade policy were going to be achieved in reality.

Ad. 1/. The supply of necessary raw materials, machinery and consumer's goods for the initial reconstruction period was obtained /from the point of view of trade policy only/ by permitting any imports and forbidding any exports of these goods.^{I/} It was an exceptional measure and could not last long. This was replaced by barter transactions, which meant the relaxation of the prohibitive system and led to the revival of international trade. In concluding these barter transactions the trade policy was influenced not only by the possessed surplus of the goods to be offered, but also by the willingness of the other part to accept them. The commercial relations were thus initiated.

Ad. 2. The protectionism was one of the essential features^{2/} of the trade policy.

It was applied particularly to the infant branches of industry, which found the specially propitious conditions of development owing to the changes in political and economic structure of Europe. For instance, the chemical and ele-

1/. E.g. Export duties in 1923: Coniferous timber in raw - Beams and fascines 5 sh. per cubic meter, pit props, wood for the manufacture of paper pulp and telegraph poles 4 sh. per cubic meter. Foliferous timber in raw - 5 sh per cubic meter. /Export of aspen in beams or planks was at all prohibited/. 2/ The import duty on wood machinery amounting to £. 2. 10 per 100 kilg. /220,5 lb/ rendered the importation very difficult, thus fostering the national production of this item.

etric engineering industries had possibility of surviving the German competition /what was unlikely in pre-war time/ because of the new frontiers and the German embargo on their exports to Poland. When created in this peculiar moment they pught to be protected against the competition of old established and powerful German industry.

Ad.3. This was the most discussed and controversial aim of Polish foreign trade policy.

There were mentioned above the causes of the increasing costs of production in Poland. The discrepancy between the industrial and agricultural prices became more and more conspicuous throughout 1922 and 1923. The Government tried to counteract this dangerous tendency by helping the decrease of costs of production in the way of keeping low prices of food and common consumer's goods. This was to be obtained by hampering the x export of cereals in the way of forbidding their exports or imposing export duties and by allowing the import of cheap consumer's commodities as shoes, linen, clothes. This latter measure had twofold ends: to lower the costs of production and to force the Polish producers to lower their prices in order to compete successfully with the foreign imported goods.

Thus the interests of agriculture were sacrificed for the sake of industry and general consumer.

The imports rose steadily ,but were hampered by the lowering purchasing power of the Polish currency abroad.

Ad.4. This aim was to some extent in contradiction with the preceding one. In order to obtain the active balance of trade it

would be necessary to restrict generally the imports, and this was not being done. It was reflected in all prohibitions of importing luxury goods and in the imposition of the protective industrial duties. /As a secondary motive/. The fiscal character of the tariff was emphasised just before the monetary reform and had to supply the Treasury in the most critical moment with the additional means.

The international political situation influenced strongly the trade policy. This influence was expressed not only in the efforts to shift towards the free trade ideal but also in the choice of the commercial partners. The first two conventions were concluded with Roumania and France, both political and military Allies. The great hopes were aroused especially by the convention with France. These hopes were rather frustrated by the reality as the trade with France and Roumania remained insignificant. Polish trade was still dominated by Germany, what was felt very uncomfortably by Polish opinion, especially when it became clear that the new German Republic was as aggressively disposed to Poland as the old Prussian Kingdom of Frederick the Great. The inimical attitude of Germany towards the Polish State manifested actively on every occasion, began to worry Poles and to convince them of the necessity of gaining economic independence from Germany. It was a difficult task to begin with, as there were no other countries willing to replace Germany in Polish trade on the same or approximately reasonable conditions. Germany was so sure of her supremacy that she laid even an embargo on her ex-

portation to Poland in order to render impossible the reconstruction of the country. The unexpected results - the creation of some new industrial branches in Poland did not convince Germany of Polish vitality. She was aware of Polish difficulties to replace the German goods and the German market for Polish exports. Germany was sure she was able to upset completely economic structure when using all means at her disposal and having the full freedom of action. Naturally she would lose one of the best customers, at least temporarily and partially. On the other hand she was hampered by the transitory clauses of the Versailles treaty and Geneva convention.

The situation at the end of this period was becoming rather complex from the point of view of the trade policy.

The exports, owing to the inflation premium and the restored productive abilities of the country, rose quickly from 10.5% of value of imports in 1921 to about 110% in 1923. But at the same time the general protectionist policy had sufficiently large gaps left to allow a big influx of imports, as it was explained formerly. The country being saturated with smuggled foreign currency, the costs of production rising, most of the important transactions concluded in foreign currency - the strongest incentive for the export, the inflation premium began to fade. Thus the export ceased to rise and was threatened in future by serious shrinkage, while the discrepancy of the industrial prices between Poland and industrial countries becoming narrower the import had possibility of big increase. The situation

on the eve of the introduction of the new currency was rather unsatisfactory.

It seems therefore justified to state that the foreign trade policy was efficient in achieving her aims of facilitating the supply of necessary goods and raw materials for the reconstruction, of protecting the infant industries, while her part in the preparations to the monetary reform was rather unfortunate.

Great progress was made in the technical side. The unification of the tariff system was carried out completely, the administrative apparatus was organised and commercial relations with many countries regulated by the conclusion of normal conventions, thus laying down the foundations for the further development of the trade in the next period.

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PART II. THE PROSPERITY PERIOD. /1924 - 1931/.

CHAPTER VIII. THE GENERAL ECONOMIC CONDITIONS OF THIS PERIOD.

§ I. The landmarks of the second period. /1924 - 1931/.

The second period begins with the monetary and public finances reform which wiped out most of the abnormal economic conditions of a temporary character, resulting from the inflation and State budget deficit. Thus April 28, 1924 - the day of the introduction of the new Polish currency is its initial landmark.

It comprises further the industrial and financial crisis caused by some misjudgements in carrying out the monetary reform as well as by the economic drawbacks in the structure of Poland, the collapse of the zloty in 1925 and the final stabilization of the currency in 1927. The following period of full economic prosperity and liberal trade policy came slowly to an end in late 1929 and 1930. The fall of world agricultural prices, the increasing difficulties for exports and foreign credits and finally the fall of the Pound Sterling at the end of the 1931 rendered the policy of restrictions necessary in foreign trade. Thus the end of 1931 marks the close of this period.

§ 2. The direct repercussions of the monetary reform.

The introduction of the new currency was preceded by the drainage of the country's financial resources by heavy taxation, both of a temporary and permanent character. The taxation attained the height of 45 zloty /about L.I.15/ per inhabitant yearly in comparison with the pre-war L.I.2 average.

Thus resulted the shrinkage of the purchasing power of the population in the volume and the global sum of consumption was bound to decrease. But at the same time, as result of the restoration of the gold standard and the introduction of a relatively "dear" currency the purchasing power of Poland in respect of foreign goods increased greatly. Afore-mentioned the causes of the internal high costs of production were strongly accentuated adding to the difficulties of industry.

The Government tried to keep down industrial prices by favouring the imports of essential consumers' goods. Then their imports increased while the exports deprived of the inflation premium were bound to decrease. The bad crops of cereals in 1924 /about 4 mill. tons less than in 1925/ influenced also greatly the balance of trade in a negative way. The customs war with Germany which broke out in the middle of 1925 dealt a further blow to Polish trade.

As the balance of trade was essential for the balance of payment of such a typical debtor country as Poland /see Appendix No. 4 - balance of payment/ the unfavourable balance of trade /about £ 7 mil. of surplus of imports over exports in 1924/ could cause serious disturbances in the rate of foreign exchanges. The industrial crisis was reflected in the rise of unemployment up to 161,940 unemployed on Dec. 31, 1925, attaining its peak on March 1, 1926 /358,430 unemployed i.e. more than 50% of industrial workers/.

The value of notes in circulation officially increased from 3 sh. 2 d per head /total £. 4.5 mill./ on Dec. 31, 1923 up to 18 sh. 8 d. /total - £. 27 mill./ on Dec. 31, 1924. At this date Bank

of Poland possessed a reserve of about £.4 mill. and £.10 mill. in foreign currencies.

Nevertheless the stringency of money was acute. The rates of discount falling down immediately after the introduction of the gold standard were steadily increased. On Jan. I, 1924 the official yearly rate of discount was 48%, on Dec. 31, 1925 - 10%, on Jan. 31, 1926 - 12%. The private rates of discount ranged throughout 1924 and 1925 between 2 and 5% monthly.^{I/}

The reserves of foreign currencies proved to be insufficient to keep up the value of the zloty in such peculiarly unfavourable conditions. The general economic depression in the country diminished also the possibility of any counter-measures on the part of the Government.

Thus, the previous evils reappeared although on a reduced scale : the deficit of the State budget and the depreciation of the currency. In the second half of 1925 the zloty had fallen and its rate of exchange began to fluctuate from 25.53 zł. for £.1 up to 58 zł., oscillating mostly around the rate of 40 zł. for £.1. This fall assisted the exports which together with curtailment of imports helped to regain the active balance of trade. In August 1926 zloty was practically stabilized at the rate of 43 zł. for £.1.

Briefly the immediate repercussions of the monetary reform can be stated as follows :

I/. This reform brought all the profits resulting from the stable currency and abolition of inflation.

I/See footnote I on the page 108

2/.It caused to a large extent ,or even perhaps decisively a serious economic crisis which absorbed the forces of the country for more than two years,thus hindering and delaying its economic development.

3/.In the sphere of the foreign trade it caused the temporary reinforcement of the protectionism,but at the same time put the trade relations on a normal footing,easing the credits, calculations,diminishing the abnormal discrepancies of prices.

The price paid by Poland for a stable currency could perhaps have been less high,but generally it was justified.

§ 3.The final stabilization of zloty and the prosperity.

The measures aiming at an improvement of the balance of trade as well as other measures concerning the internal economic situation ^{2/} caused that at the end of 1925 the downward trend was stemmed and it was possible to observe the general slow improvement.

The active balance of trade was restored first in the last 4 months of 1925,being maintained in 1926.The unemployment began to fall after March 1926.The panic caused by the coup d'Etat in May 1926 was stopped by the declarations of balanced budget and of stable currency.

1/.Perhaps this stringency was caused by the decrease of unofficial circulation of dollars,sold by the public in order to pay increased taxes.This circulation was estimated still in autumn 1926 at 25 mill.dollars.

2/.Among themare worth mentioning - cheapening of production by temporary reduction of discount rates.improved methods and considerable economies in management.

It is necessary to mention two important factors, independent from any Polish Government which influenced greatly the general improvement at that time. The first factor was the crops. The failure of crops in 1924, causing the necessity of food imports worsened greatly the general situation as already outlined. Now the crops being good, the cereal production not only satisfied the needs of the population but also was able to participate in export. The second factor was the coal strike in Great Britain. The strike not only enabled Poland to avoid a serious break-down of the coal mining industry, threatened as its existence was by the customs war with Germany, but also by making possible the expansion of this branch of industry influenced indirectly the increased activity of all industries.

All these factors together with the relentless general economic activity of the population which was shifting from reconstruction to the level of more normal activity caused a gradual improvement in the economic situation.

The internal capitalization was making relatively good progress. Beginning practically at zero in 1924, it attained the figure of about £.75 mill. in 1930, ~~it~~ which is a fine achievement for an agricultural country.

But the burden of war devastation as well as the unfavourable conditions resulting from the one-sided economic structure of Poland made it necessary to seek financial assistance abroad in order to bring the final stabilization of the currency and ~~the~~ to carry out the capital investments essential for

further economic development.

The foreign loan was, from the financial point of view, necessary to make, for the time being, the Polish currency more independent of the balance of trade.

In October 1927 the Polish Government concluded a contract with a group of foreign bankers for the floating of a State loan of 72 mill. dollars. This so-called "Stabilization" loan was issued at price 92 /redemption - 100 and with interest of 7% per annum for a period of 20 years. £2 mill. were covered in the United Kingdom, 47 mill. dollars in USA, the rest in France, Holland, Sweden, Switzerland and Poland.

In addition to the above loan a group of 14 banks of issue granted to the Bank of Poland a credit to the amount of 20 mill. dollars for one year.

On October 13, 1927 the Polish exchange was stabilized officially at the rate of one gold złoty /from 1924/ - 1.72 zł. i. e. £.1 - 43.38 zł. /previous parity £.1 - 25.22 1/2 zł/.

The general expansion of economic activity was reflected in the balance of trade. In 1927 the imports exceeded the exports by nearly £.9 mill. although the exports were larger than in 1926. Thus, in one year the imports were increased by more than £.25 mill. This growth of imports was caused by the larger purchasing power of the country following greater prosperity and industrial development. This latter made necessary increased importation of new machinery and raw materials, while the production was steadily increasing in order to satisfy the growing

demand for consumers's goods.

The accumulation of considerable gold reserves at the Bank of Poland made it possible to sustain the pressure of an unfavourable trade balance without the threat of exchange depreciation. But in the long run this unfavourable balance of trade was dangerous as the country had not sufficient other means to meet the demand for foreign currency. A marked economic improvement was attained in 1928. Production was increased in all branches of industry, agriculture showed a larger yield per unit, trade developed in volume. The adverse factors were the unfavourable trade balance / an import excess of about £ 19.7 mill./ and the shortness and dearth of money.

The foreign trade deficit was caused not only by the expansion of imports of machinery and raw materials, but also by the failure to increase exports to any large extent.

There were opinions that the tightness of money was caused by the increased industrial activity and by the expansion of trade disproportionate to the financial resources of the country. It proved that the influx of foreign capitals was insufficient with respect to the needs of the country. The extension of business on a credit basis attained in some trades unprecedented proportions, the 6-9 months' bills being a rule in the private turnover. The deficit in the foreign trade ^{I/} was mostly made up by the proceeds from foreign loans and credit remittances by emigrants and purchase of dollar notes by the Bank of

Poland on the internal market.

I/. This deficit amounted in 1928 to £ 19.7 mill. while the diminution of foreign currencies and gold in the reserves of the Bank of Poland was only £ 1.8 mill.

Two facts of great importance for the foreign trade took place at this time : 1/ the progress in the construction and handling of the port of Gdynia. 2/ The beginning of standardization of exported goods. This latter subject will be dealt later. The development of the port of Gdynia can be illustrated by the increase from 414.005 tons handled in Gdynia in 1926 to 1.956.011 tons in 1928, while the efforts were made to provide this port with better facilities for more valuable goods.

§ 4. The beginning of the economic depression.

The world economic and financial depression in 1929 affected Poland to a considerably larger degree than other countries. although there are opinions that population suffered less owing to the lower standards of life.

The tightness of money was felt in Poland from the very beginning. The influx of foreign credits was not sufficient to ~~fill~~ fill a gap between the needs and local resources caused by low and slow capitalization. Now, the decrease of this influx, while the reverse was necessary, worsened the general situation in greater degree.

The low agricultural prices reduced the purchasing power of the rural population /more than 60% of the total population% causing a serious shrinkage of internal consumption. At the same time the world overproduction was followed by price cutting, thus multiplying the difficulties of the national industries. E.g. The coal prices barely covered cost of production, while sugar was exported at a loss. Some errors in judgement made by the Govern-

ment were centred on the balancing of the budget, the maintenance of a favourable foreign trade balance and balance of payment and on the keeping of the gold standard.

Thus, the policy of deflation was initiated. This policy, her results and means as concerning chiefly the following years will be discussed in the Part. III. Now, it is sufficient to mention that the formal ends were achieved at the beginning of the crisis in 1930-1931. After a period of budgetary deficit a balance was regained, exports exceeded imports and there were no fluctuations in the exchange. Nevertheless the general situation did not improve. Unemployment was acute, the standard of life was steadily deteriorating. The ~~and~~ depreciation of the Pound and I/ resulting from it dangers for the Polish foreign trade balance made it necessary to abandon the hope that all these measures were of a short- time temporary character. The system of import prohibitions was prolonged in December 1931 and adapted as a lasting measure.

Table 24.

Economic indices for Poland and the United Kingdom

	/Base year 1928 - 100 /							
	1924	1925	1926	1927	1928	1929	1930	1931
Industrial production								
Poland	.	73	71	88	100	100	82	69
Un. Kingdom	95	.	.	101	100	106	98	89
Wholesale prices								
Poland	102	105	88	99	100	96	86	75
Un. Kingdom	118	113	106	101	100	97	85	74

I/. These dangers were mostly the farther reductions of agricultural prices in Poland, as the principal exported goods/eggs, bacon/ were to be paid lower prices of 40%. At the same time the total value of exports was bound to shrink as there was little hope to increase the volume of exports.

Value of	1924	1925	1926	1927	1928	1929	1930	1931
imports								
Poland	76	82	46	86	100	93	67	44
Un.Kingdom	106	109	102	102	100	103	89	74
Value of								
exports								
Poland	87	87	90	100	100	112	97	75
Un.Kingdom	111	107	90	98	100	101	79	54
Banknotes in								
circulation								
Poland	43	29	46	77	100	103	103	94
Un.Kingdom	105	102	101	101	100	98	97	96
Fiscal revenue								
Poland	45	51	67	87	100	100	86	71
Un.Kingdom	97	92	102	101	105	97	102	102

§ 5. The economic situation of Poland in the second period.

The population of Poland amounted to 27.2 mill. in 1921, reaching 32.1 mill. in 1931. Thus, the average annual increase after reducing the death rate was of nearly half a million. The density of population increased from 181 per square mile to 214 .

The occupational structure of population showed the slow shifting from agriculture to industry. It was perhaps greater in reality taking into account the fact that the natural increase was the strongest among the rural classes of population. Table 25 proves that the chief occupation was still agriculture, the least profitable occupation in the terms of money.

Table 25.

The occupational structure of the population of Poland

Year	Agriculture, gardening, forestry	Mining & industry	Trade & insurance	Transport	Other
1921	63.9%	17.2%	6.2%	3.4%	9.3%
1931	60.9%	19.2%	5.7%	3.6%	10.6%

The estimates of Polish national wealth in 1926-1927 indicate that it amounted to 137.000 mill. zł / £ 5.500 mill - £ 2.700 mill. in dependence of the rate of exchange adopted/

47 % of the national wealth was represented by agriculture and forestry. The following table illustrates the utilization of land in Poland.

Table 26.

The utilization of land in Poland in 1931

	Arable land	Meadows	Pastures	Orchards	Forests
Percentage of the total area	49 %	10 %	7%	1.5 %	22 %
Mill. acres	45.8	9	6.8	1.2	19.8

The annual growth of timber was estimated at 760 mill. cubic feet.

Agricultural production is given in the table below:

Table 27.

Agricultural production in 1927-1931 /average/

	Wheat	Rye	Barley	Oats	Potatoes	Sugar-beets
Area sown mill. acres	3.7	14.1	3.0	5.2	6.4	0.5
Total annual yield in mill. tons	1.9	6.3	1.5	2.5	29.6	4.2
Yield in tons per 1 acre	0.52	0.45	0.50	0.48	4.61	8.4

The structure of agriculture and its profitability are illustrated by two following tables:

Table 28.

Types of holdings in 1931 /Percentage of area utilized for agricultural purposes/

Holdings under 120 acres	76.3 %
Holdings over 120 acres	18.0 %
Other land	5.7 %

Table 29.

<u>Production costs and receipts of smaller agricultural holdings</u>					
Production costs in £ per acre			Receipts yearly in £ per acre		
		gross	net	agricultu.	nation.
Poland in 1927-1930	5.18				
/average/	3.18	5.5	1.6	2.6	3.12
in 1930-1931	3.6	3.11	0.4	1.2	2.2
Denmark in 1927-1930					
/average/	14.6	17.4	2.7	.	8.3
in 1930-1931	13.4	13.8	0.3	.	5.18

The domestic livestock played always an important part in the Polish economy as a source of foodstuffs both for internal use and for exports. Table 30 contains the data in this respect.

Table 30.

Domestic livestock in 1929 in mill. heads.

	Horses	Cattle	Pigs	Sheep
Total number in mill. heads	4	9	4.8	2.5
Per 100 hectares of farmland Poland	14.9	39.9	27.6	11.8
Hungary	9.6	21.1	31.0	16.4
Denmark	17.4	101.2	114.2	5.7

Mining and industry.

The mineral resources of Poland are to be found in table 31.

Table 31.

Estimated mineral resources of Poland to the depth of 1.000 metres in mill. tons.

Coal	62.000 /to the depth of 2.000 m. 158.000/			
Crude oil	160	Rock & salt	5.900	Potassium salts 450
Iron ore	165	Zinc & lead	33	
		ores		

Polish mining and foundry production is contained in the table 32.

Table 32.

Mining and foundry production of Poland.

/Workers employed in thousands, tons extracted in mill./

Coal	1928	1931
1. Workers	112.7	108.5
2. Extraction	40.6	38.3
Petroleum		
1. Workers	11.4	9.2
2. Extraction	0.7	0.6
Rock & brine salt		
1. Workers	3.6	3.1
2. Extraction	0.55	0.56
Potassium salts		
1. Workers	1.3	1.1
2. Extraction	0.34	0.26
Iron ore		
1. Workers	6.1	1.0
2. Extraction	0.7	0.3
Zinc & lead ores		
1. Workers	6.9	2.2
2. Extraction	zinc 0.32	0.24
	lead 0.02	0.01
Iron foundries		
1. Workers	53.6	35.6
2. Production	pig iron 0.7	0.35
	steel 1.44	1.04
Zinc foundries		
1. Workers	12.1	6.3
2. Output	0.16	0.13

As regards the industry in general the table 33 contains the data of numbers of workers employed in enterprises with more than 20 workers.

Table 33.

Numbers of workers in industrial enterprises with more than 20 workers in thousands.

	Grand total	1/Mining	2/Founding	3/Manufac- turing	of which textile metal	
1928	841.7	143.7	63.6	564.2	173.6	88.8
1931	623.9	135.4	46.8	379.2	120.3	53.3

But it is necessary to bear in mind that many branches of manufacturing industries were to a large extent in the hands of smaller entrepreneurs. The craftsmen prevailed in bootmaking, tai-

loring, joinery etc. There were issued about 350.000 of handicraft licences annually.

The output of some principal commodities in 1928 was as follows / in thousands tons/ : cement - 1098, sulphuric acid - 193, ammonium sulphate - 37, calcium cyanamide - 155, superphosphates of lime - 274, flax - 52, hemp fibre - 20, wool - 4, Rayon silk - 2,4, paper - 156, alcohol - 729 /thous. hectolitres/.

National income.

The table below contains the data in this respect based upon estimates of Mr. Kalecki.

Table 34.

National income of Poland in 1929 /in mill. £./

National income	655
of which cost of public administration	74
Consumed income	2/
of which passing through market	3/
	542
	351
Salaried workers	57
Manual workers/excluding farm labourers/	99
Shopkeepers & independent craftsmen	81
Entrepreneurs /excluding landlords/	51
Peasants & farm-labourers	240
of which market consumption	53
Landlords	16
Cost of public administration /excl. public investments/	62
Accumulated income	49

I/.M. Kalecki , L. Landau. Szacunek społecznego dochodu w r. 1929, Warsaw 1934. 2/ Including the consumption of products from own farm-holdings /income in kind/ according to urban retail prices.

Consumption.

Consumption in Poland was generally far lower than in Western countries.

Table 35.

Annual consumption in kilogrammes in 1929.

Commodity	Poland	United Kingdom	France
Wheat	50	158	210
Rye	159	.	.
Potatoes	814	113	.
Sugar	10.9	46.4	26.6
Coffee	0.3	0.4	4.3
Tea	0.07	4.5	0.04
Beer	7.4	68.7	34.6
Coal	854	4188	2131
Electric current /Kwh/	90	353	353

Finance.

Money circulation in Poland amounted in 1928 to £.35 mill., in 1931 - £.33 mill., while gold reserves in 1928 - £.14.3 mill., in 1931 - £.13.8 mill.

The data concerning the Polish banking institutions is contained in the table 36M

Table 36.

Banking institutions in Poland in 1928./ £.mill./

	Foundation capital	Deposit	Short-term credits
Bank of Poland	3.5	10.4	16.8
National Economic Bank	3.5	7.3	6.5
State Land Bank	3.2	1.2	4.4
Private banks	5.2	19.9	34.1
Postal Savings banks	2.4	7.3	6.8
Communal Savings bank	0.4	8.2	6.7
Credit cooperative societies	1.4	4.8	10.0

!!!!

3/. Income passing through the market includes all receipts in

The state and public banking institutions played a prevailing role in Poland. Especially in the long-term credit National Economic Bank /building in towns/ and State Land Bank /agriculture/ occupied almost exclusive position.

§ 6. The foreign capital in Poland in the second period.

The last governmental loans was floated in 1927. It was described above. The influx of foreign capital took place principally by the way of credits :1/ for State enterprises, 2/ for local government boards, 3/ for private enterprises.

Ad. 1. The chief items were the goods credits from French sources for the construction of the port in Gdynia and 1.000 mill. francs. credit was raised by the French capitalists in order to build the railway line Gdynia-Upper Silesia.

Ad. 2. Principal transactions concerned the city of Warsaw /the bonds issue for 10 mill. dollars in 1928/ and the installation of public utility works in different towns by Messrs Ulen & Co of New York /good credits for 13 mill. dollars/.

The indebtedness of Poland is characterized in following table :

Table 37.

	<u>Polish Government indebtedness /in mill. L./</u>	
	1929	1931
Total	97	101
Internal	7	9
Foreign credits in private economy	131	113

Table 38.

<u>Foreign capital in Polish private economy /in £. mill./</u>						
Short-term bank credit	Cash cred. to industr. enter	goods cred.	share in Pol. ente. prises	branches of forei. enterpr. in Poland	long term bond cred	
I929	I5	42	27	34	9	4
I93I	IO	43	5	39	8	7

Table 39.

Principal positions of foreign cash credits in I929./in £.mill/

Total	42
Mining	IO.5
/petroleum	5.5/
Founding	7.8
Electric indust.	2.17
Chemical "	3.0
Textile	4.2
Timber	I.7
Sugar	5.6
Gas, Water, Electr.	2.7

It is difficult to assess in all cases the nationality of the capitals, especially that of the short term credits. But the data for the foreign capital invested in the joint-stock capital of industry and trade gives an illustration in this respect :

Table 40.

Nationality of capitals invested in the joint-stock companies
/excluding banks and insurance/.

Nationality	Percentage on Jan. I, I93I.
French	25.8
U. S. A.	21.3
German	25.0
Belgian	9.4
British	4.8
Austrian	3.9
Swiss	2.8
Swedish	2.0
Dutch	I.8
Czechoslovakian	I.1

I/. Cf. M. Wellisz, Foreign Capital in Poland.

CHAPTER IX. THE NEW REGIME OF THE FOREIGN TRADE.

§ I. The Law of July 31, 1924, concerning the regulation of the tariff regime.

As was said above the customs regime and all the State foreign trade policy were based upon the resolution of Parliament from August 1, 1919. Such a basis was of rather uncertain value, especially in the light of the provisions of art. 6 of the Constitution from March 17, 1921.

Thus, when the stabilization of the currency involved new tasks for the Government - Parliament voted on July 31, 1924 a law, concerning the regulation of the tariff regime.
I/

This law contained in the five articles the general dispositions concerning the definition of the customs territory and other provisions of less interest from the economic point of view.

The most important was art. 7. In virtue of this article the Government was authorized provisionally until the full stabilization of economic conditions in Poland, to regulate, as a matter of fact, at their own will, most vital questions in the sphere of foreign trade.
2/

The Minister of Finance in agreement with the Minister of Industry and Commerce and the Minister of Agriculture could issue the provisional regulations in order :

a/ to establish the export duties and to adapt them to the general economic trend.

I/. Cf. J. L. 1924, No. 80, i, 777.

2/. There was naturally the general responsibility of the Government before the Parliament.

b/ to establish the transitory reductions of the import duties for the "first need" consumers' goods and for the raw materials and means of production imported by the industrial and agricultural producers,

c/ to amend the customs regulations in force, concerning the credits and delayed payment of customs dues,

d/ to establish the provisions, concerning the regime of refund of customs duties for exported manufactured goods,

e/ to increase and decrease the administrative fees for clearing merchandise,

f/ to grant the concessions for the exploitation of the "free customs" stores etc.

g/ to impose additional duties on the goods originating from the countries which encourage exports to Poland by the means either of premium in any form or dumping,

h/ to establish the prohibitions of export, import or transit with the right of granting exceptionally the authorizations for exportation, importation or transit of the prohibited merchandise. There were possible exemptions from the general prohibition under the conditions of selling the foreign exchange obtained from such a transaction to a named bank. The certificates were issued by the Ministry of Industry. The prohibitions of export could be extended only on the raw materials indispensable for the national industries. The executive orders for all matters in this point were to be issued by the Council of Ministers.

i/ To introduce in the tariff in force the modifications owing to changing conditions of an economic nature.

In this way the rights of the executive authority in respect to the foreign trade policy were fully acknowledged. Practically all the complex of problems concerning the regulation of foreign trade, tariffs etc., was left in the hands of the Government.

The ratification of the international commercial treaties and conventions was still the prerogative of Parliament.

The Law of July 31, 1924 came into force at the end of September 1924. It suppressed the Law of July 15, 1920 and all orders issued on this basis as well as such institutions as the Central Office of Imports and Exports, the Chambers etc.

§ 2. The Tariff of June 26, 1924.

The first tariff of 1919 was established in the rather abnormal conditions and in a very hasty way. After its introduction the most essential territorial changes took place, the incorporation into Polish customs territories of the Southern part of the Upper Silesia and Free City of Gdańsk./Danzig/.

Therefore the modifications of this tariff were urgently needed and from 1922 the studies began on the subject of its revision. The intricate character of work, the clashes of interests of different branches of production and consumption caused delay in the progress of these studies.

The Law of January 11, 1924 about the monetary and public

I/. Cf. Chełmiński. Le Problème Douanier en Pologne.

finance reform authorised, among others, modification by way of a Presidential decree the customs duties according to the economic conjuncture. The decree was to be issued before June 30, 1924. This preclusive date helped to adjust divergent views and opinions and on June 26, 1924 a new tariff was issued.

The new tariff retained the structure of the former Russian tariff. It increased the number of groups from 10 to 11, by introduction of a new group of explosives and number of items from 1063 to 1596. All duties were specified.

It is worth mentioning that the agricultural circles tried on the occasion of this new tariff to adapt its provisions better to the interests of agriculture. They insisted upon the reduction of protective duties for manufactured goods as the excessive protection made possible high prices for industrial products to the detriment of agriculture. There were also proposals to establish import duties on cereals amounting to 14-20% of their prices. Although at this moment such duties were of rather theoretical character the Government opposed them, accepting only the protective duties on cattle, meat etc.

There is a general opinion that the Government was inspired by liberal tendencies and relaxed the protective measures.

Nevertheless the protectionist character of the tariff was evident.

The average protective duties ranged from 15-40% ad valorem. E.g. the tanning industry - 25%, printing paper - 25%, metallurgical and mechanical engineering - 40%, chemical industry -

40 % ,textile industry - 25%.

The tariff was revised in 1925, owing to the difficulties resulting from the economic depression mentioned above. Its protective duties were increased. The memorandum ^{I/} for the International Economic Conference in Geneva, 1927, contains a comparative table of indices of tariffs for about 20 countries. They were calculated on the basis of an average of customs duties of the tariff in force in 1925, counted over ad valorem. According to these indices there was established an index of tariff's protection for a score of countries .

Table 4I

I. The general index of tariffs in 1925.		2. The index of tariffs for manufactured goods.	
More than 40%	Spain	Spain	
35 - 40%	.	USA	
30 - 35%	.	Poland	
25 - 30%	.	Argentina, Australia, Czechoslovakia, Hungary.	
25 - 40%	USA		
20 - 25%	Argentina, Hungary, Poland, Yugoslavia.	Canada, France, Germany, Italy, Yugoslavia.	
15 - 20%	Australia, Canada, Czechoslovakia, Italy.	Austria, Belgium, Brit. India, Sweden.	
10 - 15%	Austria, France, Germany, Brit., India, Sweden, Switzerland.	Denmark, Switzerland.	
5 - 10%	Belgium, Denmark.	Netherlands, Un. Kingdom.	
less than 5%	Netherlands, Un. Kingdom.		

The specialization of the Polish tariff finds an illustration in the report of dr. Trendelenburg ^{2/}, presented at the International

1/. Indices of Tariffs. League of Nations. /C. E. 137/. Geneva, 1927.
2/. Dr. Trendelenburg. The nomenclature and the classification of the tariffs. League of Nations. /C. E. / . Geneva, 1927.

nal Economic Conference in 1927. According to his investigations the Polish tariff occupied the 14th place in the specialization list. The following countries had their tariffs more highly specialized: Haiti, France, Argentina, Italy, Honduras, Brasil, Belgium, Hungary, Guatemala, Bolivia, Peru, Germany and Roumania.

The degree of industrial protection was rather high. But it seems just to remark that the calculations were based upon the autonomous duties. Their level was rather misleading in the case of Poland. The reductions from the autonomous duties granted on the basis of the commercial agreements concerned about 50% of the items in relation to almost all countries of some importance in Poland's foreign trade. This circumstance should be borne in mind while viewing the above indices.

CHAPTER X . THE CUSTOMS WAR WITH GERMANY.

§ I. The general background.

The commercial relations of Poland with Germany differed widely from those with other countries. Germany had a special position in this respect. Her share in the foreign trade of Poland was predominant. It amounted officially to 50% in 1922, to 40% in 1924. As many of her products were imported through other countries such as Austria or Czechoslovakia they are not included in the statistics, in the German share.

Not only was this share numerically so important but also Germany had a key position in Polish commercial life from pre-war time. She enjoyed to a large extent a semi-monopolistic position as a middleman in the relations between Poland and Wes-

tern Europe.

Polish businessmen were willing to throw off this yoke, but other countries such as Great Britain still preferred to deal with the German middleman. For instance raw cotton even of the Imperial origin was delivered to the Polish textile industry by German brokers in Bremen. The division of Upper Silesia changed the nature of dependence but not its degree. Before the incorporation of the Southern Upper Silesia Poland relied on imports of German coal /some 2 1/2 - 3 mill. tons annually/ to satisfy her coal requirements. After the incorporation Poland had a surplus of coal and of the products of the Silesian heavy industries. This surplus was previously absorbed by German economic machine. The temporary clauses of the peace treaties and of the Geneva convention /for details see Part I, p. 77 / assured the free importation of this surplus in order to facilitate the economic readjustment of Upper Silesia to the new political conditions. But they limited the German freedom of action in this respect for short periods of 3-5 years. The importance of these provisions can be easily understood when seeing the quotas of different goods. On behalf of these clauses Poland, for instance, exported into Germany about 6 mill. tons of coal annually. These clauses were to expire on June 15, 1925.

Negotiation began with the object of creating new voluntary basis for the commercial relations between the two countries. These negotiations had little chance of success because from the very beginning of Polish-German relations Germany adopted an at-

titude not only of unwillingness but even of enmity. She tried to hamper the economic reconstruction of Poland as much as possible. Among many other means Germany made use of her foreign trade regulations as for instance 1/ the mentioned embargo imposed during 1919-1922 on the export from Germany to Poland of articles essential for reconstruction work and 2/ special additional duties on the goods and raw materials exported to Poland when the internal conditions of the German market made it inadvisable to withdraw completely from the Polish market.

This economic boycott did not fulfil the German hopes of making any economic revival of Poland impossible, but ^{it} greatly delayed this revival, although on the other hand it led to the creation of some new branches of industry in Poland. Now, the expiry of the customs clauses of the Geneva convention gave Germany a first class opportunity to bring Poland to her knees. Germany hoped that by prohibiting the import of coal from Polish Upper Silesia she could cause a deep depression in this region and thus create serious political and social disturbances, directed against the new political status. These disturbances could be made a basis for the German claims for the revision of frontiers. On the other hand the complete break down of German - Polish commercial relations was to upset the Polish economic unit and to place it at the mercy of Germany. In such an eventuality the commercial treaty could be dictated by Germany. She could thus gain her object of converting Poland into a German "hinterland", an object she had been striving to realise from 1775 /see

Appendix No. I/ and the Polish-Prussian customs war at the beginning of XIX century /Introduction, p 18 / are the best proofs of this tendency.

The Polish situation was rather delicate. The welfare of Polish Upper Silesia depended to a large extent on her coal exports to Germany, who was also the biggest customer for other exporting industries such as livestock, meat products, timber. The monetary reform just introduced made the country particularly susceptible to any sudden fluctuations in her foreign trade. As Germany played a dominant part in this trade she was able to disturb the Polish economic situation very seriously. Thus the Polish attitude was very conciliatory.

I/
The negotiations began in the autumn of 1924. On January 1, 1925 a provisional agreement was signed /valid till April 1, 1925/ by which both parties undertook an obligation to apply reciprocally the autonomous duties of their tariffs without any discrimination.

2/
From the very beginning of these negotiations it was clear that the real aim of Germany was to declare a customs war on Poland on the expiry of the import clauses of the Geneva convention.

When the negotiations were resumed in March, 1925 the Germans proposed to prolong the provisional agreement. The Polish delegation demanded the provisional extension at the same time of the validity of art. 224 of the Geneva convention, the expor-

I/. Cg. Chełmiński.

2/. Wł. Grabski. Deux années de travail à l'abase de notre Etat. p. 171.

tation of coal being an essential condition of this article. This demand was refused by the Germans. During the negotiations the Germans declared they were disposed to conclude a commercial treaty if their demands for the reductions of duties as well as for the right of transit and settlement of their citizens in Poland were accepted. An other essential condition was the interruption of the agricultural reform in respect of German owned big estates. The Poles defined their essential aims as the maintenance of the coal export and the establishment of the normal veterinary formalities in the animal traffic.

But the negotiations were without results.

Germany claiming in 1922 that the division of Upper Silesia would cause the economic ruin of the country, as she needed desperately all Silesian coal, reversed her attitude in 1925 stating that the imports of this so claimed coal threatened her with economic ruin.

Eight days before the expiry of art. 224 of the Geneva convention so important at that time to Poland, Germany proposed a new provisional agreement for 6 months, based on the most-favoured nation clause. Germany was ready to grant an import quota of coal of 60-100.000 tons monthly /instead of 500.000 tons imported actually/ requiring that Poland should renounce the breaking-up of big German estates in Western Poland, a privilege granted by the Versailles treaty. This political blackmail was rejected by Poland.

On June 15, 1925 Germany prohibited any coal import from

Polish Upper Silesia. On June 17, 1925 an order issued by the Polish Council of Ministers prohibited the importation of a number of goods originating from the countries who prohibited the importation of Polish goods. On June 24th the Polish Government declared that this order concerned the goods of German origin. At the beginning of July Germany imposed additional duties on some Polish goods and prohibited the import of others. In reply, on July 11th Poland added new items to the list of prohibited goods of German origin. Thus, the customs war between Poland and Germany broke out.

§ 2. The economic repercussions of the customs war with Germany.

The so-called customs war between Germany and Poland did not mean a full interruption of all commercial relations. Both countries were so deeply economically interconnected that such a rupture would have been too costly for them.

The German prohibitions of import comprised coal, foodstuffs, livestock, raw materials and semi-manufactured goods, altogether 70% of Polish export to Germany.

The Polish prohibitions concerned exclusively the import of manufactured goods and some foodstuffs.

This customs war was particularly hard for the coal industry and animal production. But the German hopes of breaking Polish economy were not fulfilled.

The German market closed, the situation of Polish coal industry was really difficult. But it was helped in the most critical moment by the British coal strike in 1926. This strike quite unex-

pectedly opened the vast markets of Scandinavia for the Polish coal. The Polish coal industry was strengthened by finding the new markets for her exports. She retained a lot of them after the strike too.

The Germany prohibition of importing Polish livestock / first of all pigs/ and meat products involved many hardships for Polish agriculture and trade. But both producers and traders were forced ^{not} only to look for new export outlets for the same goods /in Austria, Czechoslovakia/ but also to switch their efforts on to different products made from "the same raw materials" - pigs, but in far more advanced stage of production and of higher value. This was dictated by the possibility of finding new purchasers for such commodities. Thus, the production of bacon and meat preserves was built up.

Among other branches of Polish industry which profited from this "tariff" war are worth mentioning textile, metallurgical, electrical and general engineering industries.

The general prohibitions ^{of} ~~of~~ importation of Silesian products helped greatly the process of unification of Upper Silesia with other parts of Poland. Big Silesian enterprises, although under the strong influence of German capital, were simply forced by the situation to look after new consumers and new suppliers. Thus, they began to pay closer attention to the new export outlets and to the Polish internal market. The necessity of finding new ways for exports influenced positively the dispersion of Polish foreign trade as well as the increase of the sea-borne trade.

§ 3. The Polish-German commercial treaty of 1930.

The negotiations for the commercial treaty lasted from 1925 till 1930 with various interruptions and adjournment. It seems unnecessary to give a full account of all the phases of these negotiations limiting oneself rather to the general characteristics of the attitude of both parties, their demands and final shaping of these demands in the treaty.

Germany demanded the reductions of duties for more than 700 items i.e. about 50% of items in the Polish tariff of that time. The reductions were to be made not in the form of a percentage remission but as the conventional duties, in most cases amounting only up to 10% of autonomous duties. For some goods a full franchise was demanded. Thus the autonomy of Polish tariff would be limited to the dangerous extent and the denunciation of all agreements based on the most-favoured-nation clause necessary. The reductions sought practically affected every part of the tariff and concerned all kinds of goods produced in Poland. The certificates of origin had to be abolished. In this way almost all branches of the Polish industry would be deprived of any effective protection. There were numerous other demands as e.g. to bring to the same level the railway rates for goods carried to the Polish port Gdynia and to the German port Stettin, to facilitate the settlement of the Germans in Poland etc. For all these privileges Germany offered the import permissions for Polish goods reserving the right to restrict their amount by means of quotas.

The Polish side demanded the reductions of duties for about 200 items. First of all were concerned the agricultural products, particularly the live pigs, meat, cereals, sawn wood. The import quota of coal had to amount to 450.000 tons monthly. Another essential demand was to conclude a veterinary convention in order to assure an impartial control of animal imports and transit.

There was a big divergency between the demands of both parties and the negotiations were protracted. Meantime the trade was carried on the basis of provisional agreements with quotas granted ad hoc or by tacit consent to treat the mutual trade, with exception of some essential prohibitions, as an established fact. As an example of provisional agreement can be cited the agreements about timber import by which Germany permitted for the import of 1 1/4 mill. of tons of timber annually in 1927-1931. The total turnover of goods between Poland and Germany is to be found in the table below :

Table 42.

Polish-German trade in 1925-1931./In mill.pounds/.

Year	Import to Poland		Export from Poland		Balance.
	value	% of total	value	% of total	
1923	22.7	43.6	.	50.6	.
1925	29.7	30.9	20.2	40	- 9.5
1926	8.2	23.2	13.2	25.5	+ 5
1927	16.9	25.5	18.6	32.0	+ 1.7
1928	20.6	26.9	19.7	34.2	- 0.9
1929	13.9	27.0	14.2	25.7	+ 0.3
1931	8.9	24.5	7.8	16.8	- 1.1

Thus the biggest drop took place immediately after the break-out of this "tariff" war, the volume of trade slightly in-

creasing afterwards and dropping anew in 1931.

The reality proved to the Germans that their calculations to upset Polish economic structure were wrong, the demands of Germany decreased systematically, rendering at last possible the signing of a general agreement.

On March 17, 1930 the commercial treaty between Poland and Germany was signed at Warsaw. The treaty was composed from 38 articles, 8 annexes and the final protocole. It contained the tariff provisions, the transit, the treatment of citizens of each party, establishing themselves on the territory of other, the treatment of shipping. In the annexes were included the import and export quotas of more disputed commodities, the veterinary regulations et

The treaty was based upon the most-favoured-nation-clause, which applied to the customs duties formalities as certificates of origin, the prohibitions or restrictions of import and export.

Among the quotas, included in the annexes, the most important were :

1. 320.000 tons monthly of Polish coal.
2. 10.000 quintals of Polish minium of lead.
3. Importation quota of pigs, increasing gradually from 200 to 350.000 pieces annually. /From Poland to Germany/.
4. Exportation quota of 165.000 tons of German iron scrap.
5. Exportation quota of 100.000 tons of German asphalt.

There were also import quotas for certain articles, prohibited till now by Poland as German preserves, wines, motor-cars.

Incidentally, the countries competing with Germany on the

Polish market were aware of the benefits for the German trade resulting from this treaty. Mr. Kimens, British commercial secretary in Warsaw, several times warned British merchants of the dangers of the Polish-German treaty.

But although this treaty was ratified by the Polish Parliament it never came in force. The Reichstag rejected its ratification.

CHAPTER XI. THE VOLUME OF THE TRADE AND ITS FLOW.

§ I. General remarks.

The general data for the volume of Polish foreign trade is contained in the table below.

The balance of trade being unfavourable during the first monetary reform in 1924-1925 showed a considerable excess of imports over exports in the next year. Two following years of prosperity /1927-1928/ had a prominently unfavourable balance of trade. The balance was more than restored with the beginning of the crisis and the following tightening - up of the foreign trade regulations.

Table 43.

The value and weight of imports and exports of Poland in 1925 - 1931.

Year	Imports		Exports				
	Value in £.mill.	Weight in mill. tons	Average value of 1 ton £sh	Value in £.mill.	Weight in mill. tons	aver. balance of 1 ton £.sh	val. in £.mill.
1925	63.5	3.4	18.14	50.4	13.6	4.1	-13.1
1926	35.5	2.4	14.16	51.8	22.3	2.6	+16.3
1927	66.9	4.9	13.14	58.2	20.4	2.17	-8.7
1928	77.8	5.2	15	58	20.4	2.17	-19.8
1929	71.8	5.1	14.2	64.9	21	3.16	- 6.9
1930	51.9	3.6	14.8	56.2	18.9	2.19	+ 4.3
1931	36.5	2.9	12.12	47	18.7	2.10	+10.5

The average value of 1 ton of import was fairly constant. The sharper decrease was noticeable at the end of this period, when the average showed a fall of about 20% in comparison with 1928.

The average value of 1 ton of export did not show such a fall, as might have been expected owing to the general fall of agricultural prices. The fall was less important and delayed one year. It is a proof of the changed character of export from cereals to animal products. The prices for these latter fell in Poland a year later than the prices of cereals.

The relation of any average value of 1 ton of import to that of 1 ton of exports was approximately as 6 : 1. This relation shows that the imports were composed chiefly from more valuable commodities than the exports.

Generally speaking, the composition of imports by classes

showed that the most important class was that of manufactured goods /44% of the total value in 1925 and 45.6% in 1931/.

The class of foodstuffs was on decline from 24.9% in 1925 to 12.9% in 1931.

The value percentage corresponded more or less to the weight with the exception of the manufactured articles. These latter had fallen in volume for about 40% keeping the same share in the total value. It was due to the discrepancy between industrial and raw materials prices.

Among the export classes the biggest class was that of raw materials amounting in 1925 to 45.2% of the total value and showing a slight decrease down to ~~42~~ 42.6% in 1931. The class of foodstuffs increased from 24.5% in 1925 up to 28.9% in 1931. The class of manufactured articles was on the same level - 22.3% of the total value in 1925 and 23.8% in 1931.

The relation of the value percentage to the weight was the same to all classes, total weight increasing together with the decline of the total value. There was one exception - the class of live animals. It showed a far sharper fall in value and in the value percentage notwithstanding the absolute increase of about 50% in number of heads.

It is also worth mentioning that the exported manufactured articles kept their share, while weight increased by more than 20%, a quite reverse tendency to the tendency of the imported manufactured goods.

The more detailed data concerning the trade by classes is

in Appendix No. 5a

§ 2. Actual imports.

The description of imports is far more difficult than that of exports. This is caused by the more varied character of imports and the difficulty of finding out the strict division of imported goods. Therefore it seems wise to form a general opinion on the basis of the division of the trade by classes and into three groups of foodstuffs and other consumers' goods, machinery and raw materials. This latter division illustrates the question of industrial self-sufficiency and development.

Table 44.

The percentage share of three groups of imports in the total value.

Year	Raw materials & semi-manufactured goods	Machinery & means of transport	Foodstuffs & other consumers' goods
1924	40.1	9.0	50.9
1925	37.9	9.0	52.1
1926	55.6	7.9	36.5
1927	49.0	11.7	39.3
1928	50.0	15.2	34.8
1929	53.0	16.1	30.9
1930	51.4	13.6	35.0
1931	51.3	12.0	36.2

There was a fairly constant tendency for the share of class of foodstuffs and consumers' goods to diminish. The class of machinery attained its peak in prosperity years, in dependence of the investment movement and decreased with the beginning of the depression. The class of raw materials after the stabilization

of currency kept steadily its part of half of the total.

The choice of the most important commodities is rather difficult as was mentioned above.

Foodstuffs.

Foodstuffs represented an important item of Polish imports in this period. The table below contains the data concerning them

Table 45.

Imports of foodstuffs.

Article	1927			1929			1931		
	L. thous.	% of tot. v.	tons thous.	L. thous.	% of tot. v.	tons th.	L. thous.	% of tot. v.	tons th.
Edible fats	900	1.4	16	1.000	1.4	17	25	0.1	4
animals									
Fish	1.400	2.0	83	1.700	2.2	104	900	2.6	58
Cereals	6.000	9.0	598	600	0.8	62	200	0.6	45
Fruit	900	1.4	34	1.000	1.3	41	800	2.5	51
Coffee, tea	1.500	2.3	14	1.600	2.3	16	1.050	3.0	16
cocoa									
Other/rice	3.800	5.6	198	3.500	4.8	187	1.550	4.6	121
spices, wines etc./									

The imports of cereals were of temporary character and showed a tendency to disappear owing ~~of temporary~~ to the improvement in the organization of the corn trade and the policy of State Corn Establishment, erecting the elevators, laying in stocks in time of good crops etc. The principal suppliers of colonial goods were British and Dutch firms, 90% of herrings /constituting almost the whole of the imported fish/were of British origin. Fruit as grapes or oranges were imported from Spain and Italy, first shipments coming from Palestine. The apples were chiefly imported from Canada.

Other consumers' goods.

This group is most difficult to assess. Many statistical items comprise both finished goods and goods for further processing. E.g. rubber and manufactures formed one item. Therefore table compiled below may be taken as an illustration.

Table 46.

The imports of finished goods.

Article	1927			1929			1931		
	Lthous.	% of tot.	tons v. thous.	Lthous.	% of tot.	tons v. thous.	Lthous.	% of tot.	tons v. th.
Chemicals mnf.	2.000	2.9	57	2.200	3.0	61	1.500	4.5	36
Leather	2.100	3.1	6	2.000	2.8	4	700	2.0	1
Cotton piece goods	850	1.3	2	950	1.3	2	500	1.5	1
Other "	1.400	2.0	2	2.000	2.7	3	1.450	4.2	2
Apparel & footwear	1.100	1.6	1	1.200	1.7	1	700	2.0	1
Other tex-tiles	1.500	2.1	27	2.000	2.7	33	1.250	3.7	24
Paper & mnf.	2.100	3.2	84	2.150	3.0	80	1.250	3.7	58
Iron mnf.	1.700	2.4	43	2.250	3.1	88	700	2.0	31

In chemical products about 50% was the German share, the rest being divided between Belgium, Switzerland, Netherlands, France, Great Britain and U.S.A. Leather products were imported chiefly from Austria and France, textile goods from Austria, France, Czechoslovakia and Great Britain, paper from Germany, Sweden, Austria and Czechoslovakia, iron manufactures from Germany, Sweden.

Machinery and means of transport.

Table 47.

The imports of machinery and means of transport.

Article	1927			1929			1931		
	Lthous.	% of tot.v.	tons thous.	Lthous.	% of tot.v.	tons thous.	Lthous.	% of tot.v.	tons thous.
Electric machin.& appliances	2.100	3.2	17	3.000	4.1	16	1.500	4.4	6
Machinery, other.	4.900	7.2	49	6.250	8.7	60	2.000	5.9	16
Vehicles	1.500	2.3	11	2.500	3.6	16	750	2.2	4

The most important seller of machinery was Germany /about 50%/. Then ranged Great Britain, Sweden, Austria, U.S.A., Switzerland. Vehicles were mostly imported from Germany, U.S.A., Italy, Great Britain, Austria, France.

Raw materials and semi-manufactured goods.

Table 48.

Import of raw materials and semi-manufactured goods.

Article	1927			1929			1931		
	Lthous.	% of tot.v.	tons thous.	Lthous.	% of tot.v.	tons thous.	Lthous.	% of tot.v.	tons thous.
Chemicals crude&manures	1.800	2.7	540	3.200	4.4	790	600	1.9	201
Ores	2.200	3.2	1016	2.450	3.4	1026	900	2.7	561
Iron, pig, scrap, bar	1.500	2.1	475	950	2.6	525	900	2.6	372
Wool, raw	5.000	6.9	20	5.000	6.4	21	2250	6.6	21
Cotton, raw	7.200	10.2	79	6.700	8.7	66	3000	8.4	55
Greases, not edible	1.750	2.5	44	1.800	2.5	51	950	2.8	39
Woollen yarn	1.500	2.2	3	1.400	1.9	3	700	2.1	2
Cotton yarn& thread	1.000	1.5	3	1.200	1.6	3	600	1.8	2

The fall in ^{not} imports of manures was due only to the fall of agricultural prices but also to the development of the nation-

nal production of fertilisers.

Ores and iron were imported mostly from Germany and Sweden, scrap iron also from U.S.A. and Belgium. The principal seller of cotton was U.S.A. /about 75%/, Egypt and Brit. India supplied the remainder..

Wool was imported chiefly from Australia, ^{Port} then from Gr. Britain, France, Argentine. Yarns were supplied by Gr. Britain, Germany, Austria, France. Fats - by Netherlands, Norway. Copper - by U.S.A., Belgium, Germany.

§ 3. Actual exports.

The most important items of Polish export in this period are to be in the table below.

Table 49.

Principal commodities of Poland's export percentage share of the total value of export.				
Article	smallest %	biggest %	1926 %	1931 %
1. Coal, coke & briquettes	13.8	19.8	19.8	18.6
2. Timber & wood	8.9	23.6	14.5	10.2
3. Meat, products	7.9	13.5	7.9	13.5
4. Textile prod. yarn, piece goods	4	8.7	1.7	6.8
5. Eggs	5.1	6.7	5.9	5.2
6. Cereals, flours	1.6	7.5	7.5	4.6
7. Sugar	4.1	6.3	6.3	4.3
8. Zinc	3.2	6.7	6.7	3.2
9. Mineral oils & byproducts	2.1	5.8	5.8	2.1
10. Steel & iron mnf.	1.7	6.8	1.7	6.8
			75.4	73.4

The percentage share of these commodities fluctuated greatly during this period. But generally, these articles retained their leading part in export trade.

It is possible to discern the following groups :

1/.Agricultural group.The chief commodities were timber,cereals, live animals, meat and its products, butter, eggs, sugar. There were also many less important items as flax, seeds, bristle et

2/.Mining and founding group : coal, zinc, and lead, iron and steel products, petroleum.

3/.Industrial group : textile goods as principal article, apparel and footwear, millinery, enamelled ware, furniture etc.

Cereals.

The cereals formed a rather peculiar class of commodities in Polish export during the second period. They were exported or imported in dependence of crops. Polish cereals production was in such a position that in the case of good crops it supplied fully the local demand leaving a large surplus for export, but in the case of bad crops it was necessary to import more or less considerable quantities of cereals. This was sometimes made even in the year of good crops when too much of the cereals was exported and the local demand before new harvests could not be met from the local stocks. Naturally such transactions resulted in loss, the exports being made at the time of abundance, the imports - when the supply was rather scarce. To some extent this fact can be explained by surplus of one kind of cereals and by lack of others. E.g. in 1927 there were imported 611.000 tons of cereals

/about 9.4% of total value of import/,when the export of cereals amounted to 95.000 tons /1.6% of total value of exports/.In 1929 - 503.000 tons of cereals imported.

The principal exported product was rye. There were exported in 1930 - 382.936 tons of rye worth of L.I.750.000. Most of them /46.7%/were bought by Denmark as fodder for cattle,pigs, and poultry. Other important buyers, mostly for the same purposes were Holland - 10%, Belgium - 9.1%, Finland - 8.1%, Germany - 7.74.

The second important item was barley - 84.538 tons exported in 1930. The export of barley decreased during this period, because of the customs war with Germany. The export of barley for beer production decreased considerably while it increased for the purposes of animal feeding. This fact influenced the prices in a negative way.

The principal customer was Belgium -- 56.2%, then Germany - 12.3%, Denmark - 11.8%, France - 5.2% of the total value.

The export of oats amounted to 57.300 tons destined mostly to Belgium, France, Holland. The wheat export was rather negligible amounting in 1930 to 24.000 tons /Denmark - 49.8%, Great Britain 26.5%/.

Other plant production.

It is necessary to mention also starch made from potatoes. Its export in 1930 was of about 30.000 tons i.e. more than 65% of total production.

The seeds /average value L.I -1.5 mill/ were exported chiefly to Germany, Austria, Holland, U. S. A., Great Britain, France.

Live animals.

There were exported from Poland horned cattle, horses, pigs and poultry. Most important was the export of pigs. For instance in 1930 horned cattle exports valued about £.0.5 mill, these of pigs - £.3.5 mill, other live animals /chicken and geese / - £.0.6 mill. The customs war with Germany reduced steadily the numbers of exported live pigs. The chief buyers were Czechoslovakia and Austria. In 1930 Czechoslovakia bought 330.000 pigs and Austria - 327.000 of 721.000 of total number exported.

Thus the exports amounted to 10 - 20% of the Polish internal consumption. /In 1929 about 4 mill. pigs were slaughtered for this latter purposes.

Meat and game.

This statistical item was composed from sausages, hams, bacons and meat preserves. Their share in imports steadily increased, both in value and volume. In 1926 this share was 2.9% of the total value of exports, /36.000 tons of value £.1.5 mill/, in 1929 - 3.6% /49.000 tons - value £.3 mill/, in 1931 - 8.8% /87.000 tons - value £.4 mill./.

The chief products were hams and bacon, the chief buyer - Great Britain. The sausages were bought mostly by Austria.

Butter.

The details of butter exports are contained in the table below.

Table 50.

<u>Exports of butter in thousands of quintals.</u>					
	1926	1927	1928	1929	1930
United Kingdom	3.4	7.4	12.8	35.4	16.1
Austria	7.4	5.8	1.2	0.7	0.1
Belgium	.	.	.	.	9.1
Czechoslovakia	.	.	1.2	0.7	1.2
Denmark	.	.	0.4	1.9	1.9
France	.	.	.	0.1	0.5
Germany	42.7	58.7	93.3	110.0	78.2
Switzerland	.	.	.	.	12.2
Total weight	55.5	73.8	109.7	148.8	121.2
Total value in £. mill	0.6	0.9	1.5	2.1	1.4

Eggs.

Table 51.

<u>Exports of eggs in thousands of quintals.</u>					
	1926	1927	1928	1929	1930
United Kingdom	83.4	127.3	86.8	85.5	123.5
Austria	51.4	96.1	73.3	68.9	83.9
Czechoslovakia			45.2	46.0	54
France			7.5	18.1	16.4
Netherlands			5.3	4.5	1.2
Latvia			4.7	5.5	4.4
Germany	407.6	364.6	970.8	269.3	227.9
Switzerland			8	11.7	15.5
Italy			40.7	21.2	22.1
Total weight	585.6	655.9	545.6	534.9	551.1
Total value in £.mill	3.1	4	3.4	3.3	3.1

Timber and wood.

Timber was the second principal commodity of Polish export. Principal buyer of timber was Germany /30-60%/, then United Kingdom /15-30%/, This latter country absorbed most of the exported sawn wood.

Among wood manufactures particularly known were bentwood furniture as chairs exported throughout the world. The table 52 contains essential data concerning the timber and wood exports.

Table 52.

The timber export of Poland. /In mill tons and £ mill,

Year	total weight.	total value	percentage share		
			timber	sawn wood	wood mnf.
1925	3.3	15.6	48	49	3
1926	4.9	15.5	59	39	2
1927	6.4	14.8	62	36	2
1928	4.8	14	63	35	2
1929	3.7	11	64	34	3
1930	2.8	8	49	48	3

Coal

Coal was the most bulky of all export items. Its weight averaged to 60-70% of the total weight of export. Table 53 contains the data in respect to the coal trade.

Table 53.

The weight of the exported coal in mill. tons.									
country of destination	1926	1927	1928	1929	1930				
	weight	% of total	weight	% of total	weight	% of total	weight	% of total	weight
Austria	2.6	17.6	2.7	23.7	2.9	21.9	3.2	22.2	2.1
Sweden	2.3	15.4	2.5	21.7	2.8	20.9	2.6	18.1	2.9
Denmark	0.9	6.4	1.4	11.8	1.6	12	1.8	12.3	1.6
Czechoslovakia	0.6	3.7	0.5	4.3	1	7.4	0.9	6.5	0.7
Hungary	0.6	3.7	0.7	5.7	0.7	5.3	0.9	6.5	0.5
France	0.3	2.2	0.2	1.5	0.4	2.9	0.7	5.3	0.9
Norway	0.1	1	0.2	1.5	0.6	4.4	0.6	4.3	0.6
Latvia	0.3	2.2	0.4	3.1	0.5	3.5	0.6	4	0.6
Yugoslavia	0.2	1.5	0.4	3.1	0.3	2.1	0.2	1.2	0.1
Italy	1	6.7	1.2	10	0.5	3.7	0.6	4	2.5
Finland	0.2	1.5	0.2	2	0.5	4	0.4	3	0.5
Switzerland	0.2	1.5	0.2	1.6	0.1	1	0.1	1	0.1
Unit. Kingdom	3	20.3	1.3	11	-	-	-	-	-
Bunker coal	0.9	6.5	0.2	2	0.5	8	0.7	5	0.9
Total weight	14.7		11.6		13.4		14.4		12.8
Internal consumption	18.1		22.5		23.9		27.5		20.6
% of total value of export	19.6		13.6		14.7		14.2		13.8

The most lucrative exports were these to Austria, Hungary, Czechoslovakia, Yugoslavia. Unfortunately they showed the greatest

declined. The exports to the Northern Europe were the least profitable owing to the strong British competition.

Zinc and zinc dust.

Poland occupied the fifth place in the world production of zinc. As the national consumption was rather low, exportation of this mineral was well developed. The zinc exports in 1926 amounted to 114,000 tons, reaching the peak in 1929 /140,000 tons - value £ 4 mill/ and falling in 1931 to 116,000 tons / value £ 1.5 mill/. In addition to zinc there were exported zinc manufactures, amounting on average to 7-10% in weight and value of the zinc exports. The principal buyer was Germany /30-60%/, Czechoslovakia /circa 10%/ then Sweden, Austria. Small quantities were shipped to Brit. India.

Iron and steel.

The principal commodities exported were : iron in bars, rails and iron manufactures, hollow ware and iron pipes. The following table proves the expanding tendency of these items.

Table 54.

Iron and steel - export in thousands tons and £ thous.									
		1927			1929			1931	
	£ thous.	% of tot.v.	tons thous.	£thous	% of tot.v.	tons thous.	£thous.	% of tot.v.	tons thous.
Iron in bars	150	0.3	22	450	0.7	58	700	1.5	100
Rails & iron mnf.	1.250	2	97	1.600	2.3	117	1900	5.1	273
Hollow ware & iron pipes	500	1	40	1.070	1.6	67	750	1.7	46

This industry was bound to look for new markets, because of the shrinking of German and Russian pre-war markets. There were

irregular, although important transactions with Russia. Germany was still an important customer. But these outlets were insufficient and there were great efforts to be made in finding new markets. The exports were made to Northern Europe /Sweden/, to ~~SS~~ South America /Argentina/. Some if these exports were carried out on the barter principle, particularly with Argentina and Brazil. The exports showed, generally, considerable geographical fluctuations.

Mineral oils and its products.

The oil was on decline as an export commodity because of the increase of the internal demand and ~~the~~ of the slow decrease of the production. The table 55 illustrates its volume.

Table 55.

The export of mineral oils and their products.

Article	1927			1929			1931		
	£thous.	% of tot.v.	tons thous.	£thous.	% of tot.v.	tons thous.	£thous.	% of tot.v.	tons thous.
Refined mineral oils	I.500	2.7	I96	I.000	2.1	I87	600	I.3	I48
Paraffin wax & vaseline	500	0.9	23	600	I	28	400	0.8	22

The principal buyer was Germany, then Czechoslovakia, United Kingdom.

Textile products.

The textile industry, like the metallurgical industry, was on the look-out for new markets. The volume of its exports is contained in the table below.

Table 56.

Article	<u>The export of the textile products.</u>								
	1927			1929			1931		
	Lthous.	% of tot.v.	tons	Lthous.	% of tot.v.	tons	Lthous.	% of tot.v.	tons
Woollen yarn	750	1.2	1.4	1.600	2.4	3.5	1.200	2.6	3.8
Cotton yarn	250	0.4	1.5	200	0.3	1.5	100	0.2	0.7
Woollen piece goods	370	0.6	0.7	1.000	1.6	2	650	1.4	1.8
Cotton piece goods	1.250	2	5.4	850	1.2	3.2	325	0.7	1.4

The exports fluctuated widely in their volume, and geographical distribution. The export of woollen yarn only showed a steady increase.

The production was concentrated on less expensive types. Thus, it was possible to find a market even in the countries with well developed textile industries. But as the protective measures were growing stronger there was a marked tendency to gain foothold in the markets of the countries without the native textile production. More attention was attracted by Balcan countries, Middle East, Far East, Africa. Among buyers of garments the most important were Great Britain, China, British India. Used garments were sold to the Middle East. The principal buyers of yarn tops were Austria and Sweden.

Sugar.

Sugar was one of the staple export commodities from the pre-war time. There were strong vested interests of investors of big fixed capitals represented by sugar-works and farmers planting beetroots. The sugar-works supplied labour to the ~~farmers~~ overpopulated agricultural districts, easing the labour situation. On

the other hand the sugar industry was strongly interconnected with international circles. These circumstances help to explain why such sacrifices were made to keep this industry busy. The table below contains the data concerning the sugar production and export. It is easy to see from these data the burden imposed on the consumers by the sugar industry, enjoying a monopolistic position.

This burden aroused a growing unpopularity of sugar exportation among the population. Many voices claimed it was possible to find sufficient employment for the sugar industry by decreasing prices and thus increasing the national consumption which was comparatively low. The social arguments were used together with the arguments of national health and destructive influence upon the soil by growing sugar be-roots was also of importance. But these arguments won the dispute only in the next period.

Table 57.

Year	<u>Sugar production and export.</u>				
	Production in thousNtons	Internal con- sumption in thous. tons	Exports in thous. tons	Internal price in zloty of 1 kilogr.	Average value of 1kil logr. of exp. sug
1926	522	309	267	0.82	
1927	502	.	282	0.90	0.47
1928	515	.	186		0.55
1929	670	390	298	1.00	0.45
1930	824	335	395		0.35
1931	698	345	345	1.50	0.23

Sugar exports were under the strong influence, often of a decisive character, of international agreements. Prices and the markets' quotas were often decided outside the country. They helped to keep these prices reasonable and their solution resulted in

the increase of internal prices.

The principal buyers were Great Britain, Belgium and Northern European countries such as Finland.

§ 4. The relations with Great Britain.

A. General remarks.

The volume of the trade between Poland and Great Britain fluctuated in accordance with the fluctuations of the total trade, at the same time showing certain separate trends of development. Generally speaking, the share of Great Britain in Polish imports increased, not only in number, but also in proportion during the prosperity years. The share of Great Britain in Polish exports shrank considerably during these years, steadily increasing in the following depression in 1929-1931.

This can be seen in the table 58, containing general data in respect of the total volume of the British share.

Table 59.

Year	<u>The British share in Poland's foreign trade.</u>				
	Value in £ mill	Import % of the to- tal value of Polish imports	Export Value in £ mil	% of the tot. val. in of Pol. exp.	Excess of imports /-/or exports/+/ in £ mill.
1924	4.4	7.4	5.3	9.4	+ 0.9
1925	3.7	5.8	4.6	9.1	+ 0.7
1926	2.5	7.1	8.9	17.3	+ 6.4
1927	6.3	9.3	7.1	12.2	+ 0.8
1928	7.3	9.2	5.2	8.6	- 0.1
1929	6.1	8.5	6.6	10.3	+ 0.5
1930	4.1	7.9	6.8	12.1	+ 2.7
1931	2.6	7.1	8.0	17.0	+ 5.4

Poland's percentage share in the foreign trade of the United Kingdom was as follows : in 1928 in imports - 0.5%, in exports - 0.7%. In 1931 in imports - 0.1% in exports - 0.5%.

Great Britain was the third supplier of foreign goods to Poland and the second buyer of Polish goods. The balance of trade was in favour of Great Britain in 1928, but the following depression reversed the situation and Poland enjoyed an increasing surplus of export.

B. Imports from Great Britain to Poland can be divided into following groups :

1/. Foodstuffs and colonial products.

About 90% of herrings were imported from Britain. Tea was mostly supplied by British houses. In coffee, cocoa and spices there was severe Dutch competition.

2/. Chemicals.

There was a fair share in imports of heavy and other chemicals, essential oils and fats. But artificial dyestuffs were monopolised by Germany. The total British share was estimated at 7-9%.

3/. Machinery.

The share of Great Britain in general and electrical machinery was small owing to the high prices, reluctance to grant credits, readily accorded by other countries for 2-5 years.

4/. Metals.

Silver, nickel and tin, tinplates were mostly purchased on London market.

5/. Textile industry.

The trade in spinning machinery was practically monopolised by Lancashire, while in the weaving, finishing etc. machines there was keen competition with Germany and Switzerland. American and

and Egyptian cotton forming the bulk of the imports were monopolised by the Bremen brokers. A good trade was done in cotton yarns /sixties and higher counts/ and wool tops and noils were a British monopoly.

6/.Motor cars,motor cycles etc.

The Polish market in respect to motor cars was completely neglected by Britain till 1928. Afterwards the development of trade was hampered by too high prices and different requirements. The British motor cycles and cycles were popular and had a good share in this branch of trade. About one third of the tyres trade was in British hands.

7/.Different sundries.

This group is difficult to describe as it was composed from many small items, often not specified. Generally speaking, British goods were highly popular owing to their class, but prices were rather prohibitive. On the other hand in this class of goods the prohibitions of import were numerous as they were judged non essential. Two examples can be cited : Sport goods - value £ 2. 500 /50% of the total value/. Mimeographing machines - value £ 5.000 /60% of total value/ in 1929.

More detailed data is contained in the following table, accounting for about 75% of the total value of British imports to Poland in 1929.

Table 60.^{I/}

British share in Polish import trade in 1929.

Description	Total value in £ thous.	The value of goods of British origin	Percentage share of British goods in total imports of a given item
Motor cycles	135	52	39
Motor tyres	430	142	33
Raw cotton	5150	310	6
Wool, washed & unwashed	2680	910	34
Woollen yarns	1090	130	12
Cotton yarns	890	453	51
Textile machinery	137	92	67
Textile piece goods			
cotton	650	195	30
woolen	214	107	50
Herrings	1000	840	84
Tea	352	260	74
Resin, shellac	90	54	60
Raw animal fats	100	38	38
Soap	96	24	25
Scrap iron	1680	405	24
Copper	630	258	41
Block tin	140	54	38
Tinplates	85	47	56
Steam rollers	40	20	50
Sewing machines	382	260	69
Gramophones	38	10	26
Total	16189	4661	29
Total imports	71801	6113	8.5

It must be borne in mind that many goods were passing on-ly though the London market, their true, not official origin being that of Empire.

The imports from Britain in this period did not attain any extraordinary stage of development.

The tariff war with Germany caused German to be treated with discrimination. The import of many of them was prohibited the duties for most of them were higher than for the same goods

I/. Cf. Mr. Kimens, report for 1929.

of other origin. In this way the most dangerous competitor Germany was seriously handicapped. The most-favoured-nation clause, embodied in the Polish-British commercial treaty from 1923, assured the equal treatment for British goods. So, the British goods were handicapped by customs regulations in the competition with locally produced goods, but they had equal footing in respect to their foreign competitors, being even privileged in comparison with the principal competitor- Germany.

How to explain then the slow development of British imports and even their shrinkage after 1928 ?

Several causes were the same as in the first period. The prices were too high /often by 25%/, the conditions of payment unfavourable in comparison with competitors from other countries. A distrust and lack of interest for the Polish market prevailed.

The distrust ~~choice~~ was caused often by the lack of knowledge of the market and the injudicious choice of agents and customers. This resulted often in losses, easily avoided by more cautious and better informed competitors of other nationalities. Mr. Kimens gives an example /report for 1926/ of British company ^{which} sustained in 1926 a loss of only 1% on a turnover of over £.150.000 in spite of the fact that a large proportion of sales was effected on credit basis.

The lack of interest resulted from the relatively small volume of the Polish market. The requirements of it differed often seriously from the Polish market. The requirements of it differed often seriously from the British standards. It did not pay

the British manufacturers to adapt their goods to the local requirements owing to the small demand. But this demand could not be increased without such an adaptation and credit basis of sales. Thus the vicious spiral.

C. Polish exports to Great Britain.

The principal commodities exported to Great Britain were timber, bacon, butter, eggs, sugar.

Timber.

The total value of timber and wood imported from Poland amounted to 5-10% of the total value of imports of this article from foreign countries. The table below contains its weight and value.

Table 6I.

Timber exports from Poland to Great Britain.

Article	1927	1928	1929	1930	1931
	weight £thous	weight £th.	weight £th.	weight £th.	weight £thous.
Sawn hard					
Oak/cubic feet/					
in thous. I034	187	831	154	704	146
Other /c.f./226	37	567	87	654	101
Soft					
Deals, planks,					
& battens /in					
thous. loads/111	623	188	801	81	350
Boards/" /132	302	55	137	32	146
Other sorts 62	266	27	115	10	46
Pitprops or					
pitwood/" /69	179	32	87	17	48
Staves/" /6	99	4	71	5	77
Sleepers of					
all kinds/" /130	532	75	378	82	423
venn&pa+					
nel woods/" /0.5	22	0.2	11	0.2	7
Total value	4647	1941	1344	2079	1121
/from Poland/					
Total value	45206	37959	41483	38976	26652
/from foreign					
countries/					

The bentwood furniture was another item worth mentioning. Its export to Britain in 1930 amounted to £ 90.000 of value.

Sugar.

Table 62.

Poland's sugar export to Britain./In thous.cwts and in th.£										
1927		1928		1929		1930		1931		
sugar weight	value	sugar weight	value	sugar weight	value	sugar weight	value	sugar weight	value	
refined 124	109									
sugar un-										
refined 129	78	455	277	1143	616	921	303	278	885	
Poland's										
percentage										
share in total	2%	12%		16%		8%			40%	
value										

Butter.

Table 63.

Poland's export of butter to Great Britain./In thous. q & £ thous.										
1927		1928		1929		1930		1931		
Butter weight	value	Butter weight	val.	Butter weight	val.	Butter weight	val.	Butter weight	val.	
7.5	90	12.8	181	35.4	470	16.1	171			

Eggs.

Table 64.

Poland's export of eggs to Great Britain/In thous. q & £ thous/.										
1927		1928		1929		1930				
weight	value	weight	value	weight	value	weight	value			
Eggs 127	710	80.8	470	85	470	123	715			

Bacon.

Table 65.

Poland's export of bacon to Great Britain/In thous.cwts/.						
1927		1928		1929		1930
weight	2.4	100	117	118	296	491
percentage						
share in total			1.4	1.3	3.6	5.1
value of Brit.						
bacon imp.						

There was one general feature of these exported goods : they ob-

tained lower prices, because of lack of proper grading, adaptation to the local requirements etc. For instance in June 1930 the price for 1 cwt of Danish bacon was 57-70 sh, for Polish bacon - 51-56. The value of these principal commodities averaged about 60% of the total value of Polish exports to Great Britain.

Naturally there many other commodities as wheat, barley, ~~xx~~ seeds, appare /cheaper garments/.

I/

§ 5. The dispersion of Polish foreign trade.

The dispersion of the Polish foreign trade is generally characterised in the table below. There used two indices of dispersion A and B, calculated in two ways.

The first method consisted in the segregation of the countries of origin /or destination/ in decreasing order of percentage participation /about 80% of turnover/ and in assigning a serial number to each country, thus listed. The figures characterizing the dispersion - would be the sum of the quotients by dividing the percentage share of each country of origin by its respective serial number. The dispersion index yielded by this method is hence the sum of percentage shares of several countries under consideration weighted by the respective serial numbers. The smaller the participation of the principal country considered, the larger is the dispersion fundamentally, but if the countries lower down in the list have relatively large shares, this must naturally influence the final index.

According to the second method the figure representing dispersion is the sum of the squares of the percentage share of the

I/. S. Rutkowski. Dispersion of Baltic and Scandinavian foreign trade. Quarterly review - Baltic and Scandinavian countries. 1938v, IV. Baltic Institute. Gdynia. Poland.

several countries of origin or destination. The establishment of this method was based on the mathematical observation that when a given determinate figure is divided into its component parts, the larger parts- the larger the sum of the squares of such parts and conversely. Thus if the export of the country is split up by countries of destination and the participation of each country is small, the dispersion is represented by low index.

Table 66.

Geographical distribution of Poland's foreign trade.

Years	Percentage share of IO principal countries	No of countries for 50% of tot- tal val.	for 80% of tot- tal value	Share of the first princi- pal country	Dispersion indices A B	
Imports						
1923	90.3	2	5	43.6	57	2300
1925	84.7	3	8	30.9	46	1393
1929	80.5	4	10	27.3	42	1143
1930	80.1	4	10	27	41	1112
1931	76.8	5	12	24.5	39	965
Exports						
1923	91.6	1	5	50.6	62	1834
1925	89.1	2	7	40	54	1790
1929	81.3	3	10	31.2	45	1359
1930	80.2	4	10	25.7	41	1075
1931	79.2	4	11	17.0	35	866

From this general table it seems clear that Polish foreign trade was making steady progress in respect to its dispersion.

The distribution of the Polish foreign trade accordingly to countries and parts of the world are contained in the table below.

Table 67.

Poland's trade with the various countries /their percentage share				
Country	1927		1931	
	% of the tot. value of imp.	% of the tot. value of exp.	% of the tot. value of imp.	% of the tot. val. of exp.
Germany	25.5	32.0	24.5	16.8
Austria	6.5	11.0	5.1	9.3
Belgium	1.6	2.4	3.1	3.6

	1927		1931	
Denmark	1.8	3.0	1.4	4.1
France	7.5	1.7	7.5	5.5
Hungary	1.6	2.1	0.7	1.4
Italy	2.9	2.1	3.4	1.9
Latvia	0.7	1.7	0.2	1.6
Netherlands	4.2	3.4	2.8	3.6
Roumania	2.4	3.3	1	1.6
Un. Kingdom	9.4	12.2	7.1	16.9
Russia	3.5	1.8	2.5	6.7
Sweden	2.0	5.8	2.0	4.8
Switzerland	2.1	0.8	5.4	2.9
Czechoslovak.	5.8	10	6.8	7.7
China	0.1	0.1	0.1	0.5
Brit. India	2.7	0.5	3.3	0.2
Japan		0.5	0.1	1.2
Australia	1.1	-	2.3	-
Argentina	1.2	0.1	1.8	0.3
Canada	0.5	-	0.1	-
U. S. A.	12.9	0.8	10.6	0.7
Other countr.	4.0	4.7	8.2	8.7

The distribution of the Polish foreign trade by parts of the world in 1928 was as follows :

	Table 68.				
	Europe	Asia	Africa	America	Oceania
import	78.5%	2.1%	0.8%	17.8%	0.8%
export	97. %	1.5%	0.2%	1.3%	-
balance					
in 2 mill	- 3.7	- 2	- 0.5	- 13	- 0.6

Poland had favourable balance of trade with Austria, Belgium, Denmark, Hungary, Latvia, Roumania, Sweden, Czechoslovakia, The first place held in two years by the United Kingdom. Unfavourable balance of trade showed France, Italy, Switzerland, Brit. India, Australia, Argentina, with U. S. A. on the first place. The balance of trade with Germany, Russian, Japan fluctuated from year to year.

Germany kept her lead in Polish foreign trade, although her importance was greatly diminished. For the first time her share in Polish exports was exceeded by that of Great Britain, who generally kept the second place.

More detailed data in respect to the trade distribution is in App. No. 5.

CHAPTER XII. THE FOREIGN TRADE POLICY OF THE SECOND PERIOD.

§ I. Treaties and conventions.

There were concluded in the second period 39 commercial agreements between Poland and other countries. From this 21 were treaties and conventions, while the rest were additional or provisional agreements. This latter type was used mostly in two periods - after the revaluation of the tariffs duties in 1927 and in 1930-1931 in the time of tightening up of foreign trade regulations.

The treaties and conventions, all based on the most-favoured-nation clause, had to create general foundations for the commercial relations of Poland with other countries. The other agreements, concerning mostly some commodities, aimed to put these relations on the footing of reciprocal concessions.

The most important treaties and conventions of this period were: these with France, Hungary, Czechoslovakia /1925/, Norway /1926/, Estonia, Latvia, Iran, /1927/, Portugal /1929/, Greece, Spain, & China, Roumania /1930/, U. S. A., Brit, India and Turkey /1931/.

The convention with France was particularly unfavourable. France made relatively little use of many reductions, but these latter were automatically applied to the other countries because of the most-favoured-nation clause. In this way Poland made many concessions without any reciprocal profits. Thus there was a tendency to decrease the number of reductions, included in the convention with France and not representing for her any real value.

From 1929 there was introduced in certain conventions /e.g. conventions with Portugal, Egypt/ the so-called Baltic clause. This clause stipulated that all the privileges and reductions granted by Poland to Estonia, Finland, Latvia or Lithuania, were not effected by the most-favoured-nation clause. This stipulation was caused by the peculiar features of Poland's trade in respect of these countries showed a considerable excess of exports over imports. Thus arose a necessity for granting special facilities to the trade of these countries. But in practice this clause did not play any important role.

Generally speaking Poland during the second period had completed the action of organising her trade relations in the way of commercial agreements. Practically all the more important ~~xx~~ countries, from the point of view of Polish foreign trade, had concluded commercial agreement of some kind with Poland. Mostly these agreements were commercial treaties or conventions.

At the end of this period the reciprocal agreements began to play gradually a more important role, because of the changes in international trade.

§ 2. The methods of Government trade policy.

The powers of the Government in the sphere of foreign trade were described above in the Chapter IX, § 1. Practically the executive authority had full power to carry out plans in this field. The tariff, described in Chapter IX, § 2, formed a framework for the trade policy of the Government. This framework was amended by successive revisions of the tariff and supplemented by several other means.

Briefly speaking, the method used by the Government in its trade policy were as follows :

A. The methods connected with the imports.

- 1/. The revisions of the tariff.
- 2/. The prohibitions and restrictions of imports.
- 3/. The maximal duties.

B. The methods connected with the exports.

- 1/. The export duties.
- 2/. The refund of the customs duties.
- 3/. The standardization of exported articles.

The best way of analysing these methods seems to be the successive description of each of them separately.

A. The methods connected with the imports.

1/. The revisions of the tariff.

a/. The revisions resulting from the monetary reform of 1924. Owing to the changes in the economic situation after the monetary reform /see Chapter XIII, § 2/ the limitation of imports became necessary. For this purpose the Government used the right granted in art. 7 of the Law of July 31, 1924^{I/} and issued several orders.

First the order of May 19, 1925 comprised the increase of duties for 226 items i.e. about 15% of their total number. The increase concerned mostly luxury goods. The commercial agreements then in force made it necessary to delay for some months the application of the increased duties.

The second revision was made by the order of October 30, 1925^{2/}

1/. J.L. 1925, No. 52, p. 356. 2/. J.L. 1925. No. 113, p. 800.

It modified the duties for 813 items /about 50% of the tariff/ and introduced ~~new~~ 228 new items as the Government interpreted the provisions of art.7 as authorizing one revision only of ~~each~~ each duty.

b/.The revision caused by the depreciation of the zloty.

In October 1927 the second monetary reform reducing the zloty /gold zloty - 1M72 of new zloty/, caused practically an appreciable reduction of the tariff.

The order of the President of the Republic from February 13, 1928 carried out the revaluation of the customs duties. This was not done in a mechanical way of 72% increase, but in dependence on the classes of goods.

There were three coefficients : 1/ a coefficient of 1.72, mostly for the luxury goods, 2/ a coefficient of 1.3 for most of the items, 3/ a coefficient 1 for the goods, judged to be particularly useful.

In this way the important reduction of the tariff was fixed.

c/. Other modifications of the tariff.

There were modifications of the tariff by increasing duties on individual items or introducing new ones, but they had not a general character. Among them worth mentioning are import duties for cereals. From October 1928 till September 1929 these duties amounted to 25% of their price.

In the middle of 1930 the Government changed the interpretation

tation of art.7 and began to issue many orders, modifying the same import duties several times according to the fluctuating economic conditions. Generally, all these modifications reinforced the protectionniste tendency of the tariff.

3/.The maximal duties.

The maximal import duties were introduced by an order on November 22, 1924^{I/} on the basis of art.7 of the Law of July 31, 1924. They were included in the Tariff, their rates being double of the autonomous duties and they could be established for the goods otherwise exempted from the import duties.

The essential conditions of their application were the following :a/The goods originating from a country which not conclude any commercial agreement with Poland.b/The goods originating from a country which treated Polish with discrimination or c/ the goods enjoying the export premium or otherwise dumped.

The countries and goods subjected to the maximal duties and the rates of these duties were to be enumerated in an order.

The orders of August 11, 1927^{2/} and that of January 25, 1928^{3/} did not bring any essential changes in the principles. The latter order contained only a new provision stating that the application of the maximal duties could be suspended for a definite period in respect of the countries which were conducting the negotiations with Poland for an commercial agreement. These duties were one of the weapons in the Polish-German customs war.

I/. J.L. 1924, No. 102, p. 9342. 2/. J.L. 1927, No. 74, p. 651.

3/. J.L. 1928, No. 9, p. 66.

4/.The tariffs encouraging the overseas trade.

The tariff as means of encouraging the sea-borne foreign trade was used for the first time in 1931. Till this time the exceptional railway rates were a principal weapon in this respect. An order of December 19, 1931^{I/} introduced appreciable reductions of import duties for fruits, coffee, tea, cocoa, scories, Thomas, cotton, jute, manilla and wool, if imported by sea route through a Polish port. As this means belongs principally to the next period it will be discussed later.

B. The methods connected with the exports.

I/. The export duties.

In the first period the prohibitions of exportation and export duties had a special, temporary character caused, as it was emphasised above, by the extraordinary shortage of foodstuffs and raw materials due to war devastation. These were exceptional measures, disappearing gradually when the country regained her normal productivity.

When the regime of the foreign trade was revised at the time of the monetary reform the export duties were revised too.

An order of September 11, 1924^{2/} issued on the basis of art. 7 of the Law of July 31, 1924 established the export duties, divided into 27 items, added to the tariff. These duties were imposed on rye and its flour, sugar, beet-roots, bran, lard, horses, bones, timber, iron, scrap, semi-base metals, cotton waste, paper scrap, flax, seeds etc. These duties had as their aim the giving of priority

I/. J.L. 1931, No. 112, p. 885. 2/. J.L. 1924, No. 83, p. 796.

to the national industry and consumers in the supply of foodstuffs and raw materials.

They varied in accordance with changing economic ~~material~~ conditions. There were about 50 orders issued in this manner in 1924-1930. For instance the export duties on cereals depended ~~on~~ chiefly on the state of the crops. When the crops were good, leaving surplus above the national consumption needs, the export duties on cereals were abolished as in August 1925. When the crops proved to be poor, the duties were reestablished as in winter 1926.

The export duties changed drastically their character in respect of some goods after November 1928. They were used as a means of a long-distance policy of organization and improvement in the quality of exported foodstuffs of animal origin. In November 1928 the export duties of this kind were imposed on eggs, in February 1929 on pigs and pork meat, in September 1929 - on butter, in April 1930 - on feathers, in May 1930 - on bristles of hog. and animal hair.

The Ministry of Industry had the right to grant exemptions from these duties, when certain conditions in respect of quality gradation, packing, etc were fulfilled. The list of branch organizations and self-government institutions authorized to act as agents of the Ministry was stated.

The many additional orders about export duties, issued or revoked, made it necessary to codify provisions in this respect.

Thus an order was issued on November 15, 1930, containing 47

items of the export tariff, a considerable increase in comparison with the order of 1924.^{1/}

2/. The refund of the import duties.

The policy of fostering exports by the means of refund of customs duties was inaugurated by an order from July 3, 1925,^{2/} issued on the basis of art. 7 of the Law of July 31, 1924. The argument for this method was that the level of protective tariff measures for national industry can not hamper its development. The industry can not be handicapped in its exports by the import tariffs of its own Government.

Thus, the import duties paid by the producer were to be refunded to him by the State when he exported the product embodying the import duties. E.g. the exported rails made from the iron scrap for which the import duties were paid.

This first order concerned the textile goods exported from Poland. It authorized the refund of customs duties, paid for when importing the dyes and other chemical stuff, used in the production of the exported goods. The refund was made on presentation of ~~the exported goods. The refund was made~~ of special export receipts issued by customs offices on the basis of certificates of export associations. The export receipts were on bearer with 9 months period of validity and were accepted for payment of import duties.

The list of associations of exporters authorized to issue such certificates was established by the Ministry of Industry

1/. J.L. 1930, No. 78, p. 612. 2/. J.L. 1925, No. 67, p. 478.

and Commerce.

The metallurgical industry was the second to benefit from the refund of customs duties. The order from October 13, 1925 conferred this privilege on the cast products. Several orders included afterwards wires, rails, etc. In 1926 the chemical industry was also included ./Carbide, cyanamide of calcium, nitrate of ammonium/. In 1927 and 1928 many other industrial products were added. In 1929 the system of refund of customs duties was applied to the agricultural exports. In January 1929 bacon and ham were included, in September - butter, in November - cereals, their flour and malt. In 1930 the meat preserves and similar products were added.

The tables below contain the data about the total amount of refunded duties and the share in it of the principal articles.

Table 69.

Refund of customs duties in £ thous.

Budget years	Total sum in £ thous.	% of the total value of exports	% of the gross customs revenue
1926/27	136	0.26	1.6
1927/28	145	0.24	1.5
1928/29	215	0.34	2.0
1929/30	655	1.06	6.7
1930/31	1.700	3.75	21.3

Table 70.

The share of principal articles in the refund of customs duties in 1929/1930.

Article	£ thous.	% of the total sum refunded
Corn	253	38.6
Bacon & hams	64	9.9
Other foodstuffs	10	1.5
Founding & metal products	190	29
Machines	11	1.6
Textile products	114	17.6
Chemical products	10	1.5
Other goods	2	0.3

3/.The standardization of the exported goods.

The standardization was done mostly in the way of export duties. As was mentioned above the exemptions from these duties were accorded on condition of fulfilling several conditions. In this way the producers could be forced to keep certain standards the traders to offer the goods of a given standard etc. E.g. the association of bacon producers charged 0.25 zł. /about 1 1/2 d/ on every slaughtered pig on behalf of the fund for improvement of pig-breeding.

There was an experiment to standardize the exported articles by imposing official standards. An order, concerning exported eggs was issued for this purpose in 1928. But it proved too inelastic, its standards often being unsuited to the changing exigencies of different foreign markets. This was therefore abandoned. Afterwards the standardization of exported articles was dealt with by means of export duties.

§ 3 . An estimate of the trade policy of the second period.

There were several aims of the trade policy in this period. Some of them were essential and lasting, some - temporary or subsidiary.

The essential lasting aims were : 1/. The industrialisation of the country. 2/. The emancipation of Poland's trade from German influence.

The temporary aims were strictly connected with both essential aims. They will be discussed later while speaking about the way of achieving these essential aims. But one subsidiary aim

began to play first role to such an extent that it influenced all others often in a decisive manner. It was the defence of the currency against depreciation.

The first essential aim had a structural character. It was designed to solve the most urgent problem - the overpopulation of agriculture. This aim, partially economic, partially social, was to be achieved by several means : 1/. The protective barrier of import duties. 2/ The importation of raw materials for the national industries. 3/ The importation of goods of industrial capital investment.

For the first aim it was necessary to create favourable conditions for national industries, assuring them the basic market, hence the general protectionist trend of the Polish tariff. The prohibitions or restrictions of exportation of agricultural products had the same purpose by keeping down the cost of living.

The second means - the supply of raw materials for the national industries had manifold consequences. It was necessary first of all to keep the national raw materials in the country. It was done by export prohibitions or export duties. But this was not carried sufficiently strictly and there were examples of exportation, for instance of gages, which had to be imported in considerable quantities. This fact resulted to some extent from the insufficient organisation of markets and the liberal tendencies of this period.

Many raw materials, on which whole branches of industry depended almost completely, had to be imported. E.g. wool, cotton

for textile industry, semi-base metals for engineering industry etc. In order to get them it was necessary to export as Poland had not foreign investments and exports formed her principal asset in the balance of payments, two other items - the remittances of emigrants and the transit playing a subsidiary role. Therefore the measures aiming at development of exports can be to a large extent appreciated as the measures to get imports of raw materials as well as machinery for expanding industry etc.

Briefly speaking this aim imposed certain general trends on the trade policy:

1/. The imports of certain manufactured goods, produced by the national industries had to be restricted.

2/. The imports of luxury goods - prohibited.

3/. The exports were to be ^{encouraged} ~~forwarded~~.

4/. The imports of raw materials, machinery and other means of production had to be ^{encouraged} ~~induced~~ as much as possible.

The second essential aim - the emancipation of Polish trade from German influence was to a large extent interconnected with the first one. As the German influence consisted mostly in industrial imports and exports of raw materials from Poland - the industrialisation was bound to decrease the dependence from Germany. But this second aim of economic and political character was possible of achievement also separately. It could be done by finding new outlets for Polish exports, the new sources for imports were generally far easier to be found. The tariff war with Germany facilitated the task of the Government. Poland was

forced to seek new markets and new suppliers.

All efforts in the sphere of the trade policy were limited by the economic means at the disposal of the nation. These means were rather modest. One glance at the balance of payment /see Appendix No. 4/ proves that Poland was a debtor country. Her resources consisted then from exports, transfers of emigrants, transit and foreign credit. Her balance of trade had an essential importance for the stability of the Polish currency in the absence of foreign credits. Thus, the foreign trade policy was strictly interconnected with and limited by the financial policy. The nation as a whole was particularly susceptible to any threat of monetary depreciation. A stable currency was becoming the symbol of welfare. The narrow margin of foreign exchange stocks dictated thus an extremely cautious policy in this respect. Thus, the aim of trade policy to defend the currency overshadowed often all others and instead of being a subsidiary factor - was becoming a decisive one.

After this somewhat abstract description of the essential aims of Polish trade policy in this period it seems useful to look at their realisation in the historical trend of events.

After the introduction of the new currency in 1924 the trade policy was designed to help the industrialisation in a rather indirect way. There were naturally protective duties, but the immediate aim of the Government was to decrease the discrepancy between industrial and agricultural prices. By cheapening the industrial products and enlarging the local market the sound bases for national industries were to be created. To this end, as

it was rather a period of liberal economic policy, the Government tried to influence prices indirectly. It allowed large imports of consumers' goods such as garments, footwear etc. in order to assure the lower cost of living and thus prevent an increase of wages and successively of prices of industrial products. On the other hand the Government expected that by the competition of the foreign goods the local industries would be compelled to reduce their costs of production by better organization and rationalization. At the same ^{time} (the old policy of limiting the exports of foodstuffs and raw materials needed by local industries was maintained. This policy failed utterly. The imports flooded the market, contributing seriously to the industrial crisis and the collapse of the zloty in 1925, instead of helping the industrialisation of the country. Then, followed the change of foreign trade policy. The revision of tariffs, the prohibitions of luxury goods aimed at the immediate cutting of import, thus defending the currency. This last aim was partially achieved in 1925 - 1926. The protective measures of the trade policy did not help the national industry much at first. At this time the tariff war with Germany added new difficulties. The economic repercussions of this war were discussed above in Chapter XX. It is sufficient therefore to mention that this war eased the situation of national industries and induced the creation of some new ones. It forced Poland not only to defensive counter-measures against the German trade but also to the measure designed to forward Polish exports. The British coal strike as before mentioned helped Poland considerably

to overcome initial difficulties in placing her exports of coal. The other items as timber, live-stock etc. had to be ~~markets~~ disposed of. Thus new outlets had to be found. As the new markets meant often new standards Poland was bound to organize her exports in order to readjust them to the new conditions. There was a strong tendency to replace Germany by Great Britain in the Polish foreign trade. Therefore it was necessary to adapt many products to this new market. The new gradation was introduced as for butter and eggs. The new commodity - bacon steadily replaced the exports of live pigs. Instead of exporting the corn to Denmark to feed the pigs Poland made efforts to produce bacon herself. In this way the average value of exports had to be increased, influencing positively the national income.

As regards the imports the considerable influx of foreign credits permitted imports to be treated liberally. The importance of the foreign trade policy as a shield to the currency was almost completely removed. The industrialisation of the country took the lead. It was helped by big imports of raw materials and machinery. But the efforts to increase exports in 1927-1928 were insufficient and failed to achieve any real success, thus creating a big gap in the balance of trade. The world depression, particularly the decrease of influx of foreign credits, forced Poland to restrict her imports. The favourable balance of trade, the defence of currency got once more the priority. After 1929 encouraging exports and restricting imports became the chief aim.

There were efforts to organize the cereals market. On the one hand the State Corn Establishments equipped with their own mills and elevators had to prevent the irregularity of supply and to maintain prices. This irregularity was the cause of unnecessary imports of cereals weighing heavily on the balance of trade. Several measures undertaken by importing countries such as Norway, Czechoslovakia led to the collaboration of the principal exporters of rye - Germany and Poland notwithstanding the tariff ~~war~~. The specially formed mixed committee had to sell the rye at common prices from a pool. The sugar exports were linked closely with the fate of well known international agreements. But generally the international agreements failed and Poland had to rely rather on her own effort in encouraging her exports. Thus the refund of customs duties for exported commodities first of all for cereals, was introduced. At the same time the heavy pressure on her balance of payment /reflux of short-term credits/ and the restrictions of imports by most countries forced further restrictions of imports in 1930 and 1931. The fall of the Pound multiplied the difficulties of keeping the solvency of the balance of payments and it became clear that the extraordinary measures undertaken in 1930-1931 had to be consolidated. In this way the relatively liberal second period of Polish foreign trade policy came to an end.

To what extent were the aims of Polish trade policy realized in this period ? The answers to such a question is very difficult as it involves so many problems of an international and also internal character. Therefore it seems necessary to limit

oneself rather to an estimate of the general tendencies and the results obtained without endeavouring to judge how far they achieved full success.

The aid to the industrialisation of the country was in the first years rather unfortunate and overshadowed by the defence of the currency. But afterwards the trade policy helped successfully the industrialisation by allowing big imports of raw materials and machinery. It was perhaps too optimistic and by neglecting the exports organization in prosperity years 1927-1929 was caught not adequately prepared by the coming depression. This depression forced anew the trade policy to concentrate efforts on the defence of currency. The efforts to improve the structure of exports by exporting more valuable goods proved to be successful to some extent. The case of bacon is an example.

As regards Germany, Polish trade policy was rather successful. The mere fact that the tariff war with Germany did not crush Polish trade in this period is the best proof. But it was not fully successful as the German share was reduced in the first years, keeping afterwards its importance. Nevertheless the two last years showed a considerable progress in this respect, as the German share decreased sharply. Polish policy in this sector was based upon the relations with Great Britain. Poland succeeded in replacing the German market by the Market of Great Britain for her exports. With regard to imports the move was less successful. Polish-British relations failed to develop in this respect satisfactorily but the causes were outside the scope of

Polish trade policy.

Briefly speaking, Polish foreign trade policy in achieving her essential aims in given general conditions did not show any outstanding failures with two exceptions : the initial mistake in 1924 and the failure of expanding exports in 1927-1928.

On the other hand it had several fine achievements, particularly in improving the value of exports and in overcoming slowly and laboriously the German hegemony in Polish trade.

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PART III. THE CONTROLLED TRADE./1931 - 1939/.

CHAPTER XIII. THE CHANGES IN THE GENERAL ECONOMIC SITUATION
-----AND POLAND'S FOREIGN TRADE.-----

§ I. The internal measures against the crisis.

The fall of the Pound from £ 1 - 43.38 to £ 1 - circa 25 zł. in 1931 makes the data concerning the Polish economic situation after 1931 somewhat misleading in particular cases, as not all economic factors shrank proportionately in Poland. Therefore it is advisable to pay great attention to the economic indices for this period.

But generally, the wholesale prices index proves that the data expressed in £ reflects duly the increased purchasing power of the złoty. E.g. 150 zł, from 1931 - circa £ 3.10, the index of Polish wholesale prices is 75 /1928 - 100 / and that of British is 74. 150 zł. from 1936 - circa £ 6, the Polish index being 54, the British - 80. Thus purchasing power of £ 6 from 1936 was for a Britisher about 50% greater than that of £ 3.10 from 1931. The purchasing power of 150 zł. from 1936 was for a Pole about 40% greater than that of 150 zł. from 1931. Thus the expression of Polish unweighted złoty in £ can contain a mistake of about 10%.

The economic crisis, which began after 1929 and lasted for several years/for Poland on average two years longer than for Western Europe/ is generally well known and it seems superfluous to stress this fact further.

It is sufficient to bring out only what was peculiar in Polish conditions, especially all these features, which are connected with Polish foreign trade. It is possible to form a general opinion about the divergencies between the Polish situation and the general situation from the table of economic indices.

The evil of unemployment became a nightmare to the whole community. As in illness all the particular weaknesses of an organism come to the forefront so during an economic crisis the weaknesses of the economic structure of a given country are particularly irksome. Not only do they delay the cure of the illness but threaten to develop into a separate, new illness. Such was the case with Poland.

The essential structural weakness of Poland was its agricultural overpopulation.^{I/}

Some light was thrown on this question in previous parts.

In order to understand the course of the economic crisis in Poland it is necessary however to look at this question more closely.

Prof. Oberländer from Vienna in his work "Die agrarische Uebervölkerung Polens" pointed out that from the aspect of agricultural density Southern Poland could be compared with the overpopulated regions of Japan between Osaka and Kobe or China. In the region of Rzeszów /Central Southern Poland/ the population amounted to 157 per hectar /64 per acre/ of cultivated area. This com-

I/. Stefan L. Zaleski. Le surpeuplement et l'emigration en rapport avec la politique économique extérieure de la Pologne. Varsovie, 1938.

compares with one agricultural labourer to 3 hectares in Belgium and Germany, 6 hectares in Denmark, 7,6 hectares in Britain and 1,7 hectares in Poland. Accepting as an ideal standard one labourer to 3 hectares in Western Poland and 5 hectares in Eastern Poland Prof. Oberländer calculated the surplus of active agricultural labourers as 42.7% of all their number i.e. 4.371.000 /with families 7.151.000 in 1931/.

A Polish economist J. Poniąkowski accepted a method of the weighted hectare, one hectare of arable soil - 1,1 hectare of garden - 3, hectare of meadows - 0,4, hectare of pastures - 0,2 and 1 hectare of forests - 0,15. In this way he found that accordingly to the standard of 30 labourers for 100 weighted hectares /Denmark - 15 labourers, Germany - 19/ there ought to be 7,2 mill. of agricultural labourers in Poland. As there were 11 mill. - the surplus was 4 mill. of labourers.

As the result was relatively low productivity of agricultural labourers, wastage of man-power and general under-consumption. E.g. in Southern Poland the actual consumption of foodstuffs was 40% less than international standards.

This abnormality was caused by the strong natural increase and insufficient outlets. As there is a natural limit to the absorption of agriculture there were only two other outlets emigration and industry.

Much publicity was given to the breaking-up of big estates as a solution of the overpopulation in agriculture. Great hopes
I/

I/. Prof. Witold Staniewicz. Politique agraire de la Pologne.
Varsovie. 1938.

were aroused by the laws of agricultural reform. From 1919 to 1937 on the basis of these laws there were formed 696.4 thousand of new holdings and about 5.3 mill. acres of big estates broken-up. Notwithstanding this big and costly effort of the State the surplus of agricultural population was still estimated at 5 mill. All possible breaking-up, drainage and amelioration could assure I/ work for 1.5 - 2 mill. of the agricultural population. Thus, this way not only did not offer any lasting solution for future, but it could not solve even the current problems. It was rather an economic palliative, although its social and political importance was very considerable.

Emigration as an outlets in this period is indicated in the table below :

Table 7I.

The natural increase, the emigration and reemigration
in thousands.

	Average yearly net natural increase	Average emigration	Average reemigration
1926-30	477	190	.
1931-35	410	47	45
1936	408	54	44
1937	374	102	41

The indices of industrial production show that industry could not absorb the new comers either. Not only this ^{was} caused by the insufficient expansion of industry but also by its rationalization. The indices of productivity of labour illustrate the influence of this factor.

I/. Karol Bertoni. Les Besoins économiques et démographiques de la Pologne et la question des colonies. Varsovie, Juin. 1939.

Table 72.

The indices of the productivity of labour and unemployment.

1929 - 100

Productivity of industry	1930	1932	1934	1936
coal	99	112	132	143
bricks	89	110	126	128
textiles	109	94	108	126
tanning	110	121	135	144
registered unemployment	300	220	414	466

In such conditions the social and economic importance of unemployment both full and partial was vital and its solution a key-problem for the Polish economy.

The underlying factor of greatest importance for all measures in fighting the crisis was the decision to maintain the rate of exchange of the zloty after 1927^{I/}. This decision had also great influence upon the organization of Poland's trade as will be shown below.

After 1931 it became clear that prices in Poland must be readjusted to world prices.

The remedy of de-valuation was rejected. There was a general dislike of it and it seemed difficult to foresee whether panic could be avoided. The public had too fresh a memory of the ravages of the inflation period. On the other hand Poland could not be sure whether her products would be bought even at very competitive prices. The general rise of trade restrictions made barriers impossible to surmount by normal price competition.

I/.Prof. Edward Taylor. La Repercussion des difficultés monétaires sur la politique économique de la Pologne. Varsovie. 1938.

Reasoning in this way, the Government decided to embark upon the policy of deflation, but not consequently.

By administrative measures the rate of discount was decreased. The rate of discount of the Bank of Poland amounted in 1928 to 8%, in 1930 - 7.2%, 1935 - 1937 - 5%, and in 1938 - 4 1/2%. In this way the rise in the rate of interest on capital was stopped. But the total sum of credits was not diminished proportionately. To some extent this was counter-balanced by the fact, that the budget after 1930 showed a deficit. The internal loans issued in order to cover these deficits /from 1930/1931 to 1935/1936 - total budgetary deficits amounted to 459 mill./ absorbed most of the liquid capital.

The deflationary policy was opposed from fear of ruining enterprises, reducing production and thus increasing the greatest social evil - unemployment.

The real value of wages decreased with a certain delay and from 1934 it began to increase, while the volume of employment was falling. It was a proof of rationalization of industry, possible owing to the fall in the rate of interest. Among other means worth mentioning are the reduction of agricultural debts /it nearly killed private credit for agriculture/ and the pressure exercised by Government upon the cartels to reduce prices.

The reduction of prices was rather slow. The discrepancy between industrial and agricultural prices diminished even more slowly. But generally, as Poland is an agricultural country, the prices had fallen more quickly and to a greater extent and were

rising more slowly. The following tables illustrate these facts:

Table 73.

1. The indices of prices in Poland.

	1928 - 100	1930	1935	1937
General index		86	53	59
Agricultural prices		78	44	45
Industrial prices		90	57	62

2. The indices of Poland's industrial production.

	1928 - 100	1930	1932	1935	1937
Poland		82	54	66	85
Europe		95	73	95	113

It is possible to notice that the crisis was lasting longer in Poland.

After this general picture it seems useful to analyse in particular the connection of the crisis and the anti-crisis measures with the problem of Polish foreign trade. There are three points of connection, first - the defence of the stability of currency, second - the industrialization problem, and third - the trend of all countries towards the restriction of imports, as a measure to increase national employment. This latter point will be dealt with separately in § 3.

It was shown above that usually the stability of the currency was closely bound^{up} with the balance of foreign trade. This inter-connection was loosened in 1927-1929 owing to the large influx of foreign capital. But the world financial depression and the heavy pressure upon the Polish balance of payment reinstated the importance of the balance of trade for the stability of exchange. The particular features of Poland's situation in this respect are explained in Chapter XIV § 4.

On the other hand the unemployment problem made it necessary for the Government to defend the national industries. Industry was the only resource of reducing unemployment.

In these conditions the striving for the active balance of trade had at one hand as aim to avoid the insolvency towards foreign debtors, defending at the same time a stable currency, and to keep as high as possible employment in industries.

§ 2. The uprise from crisis and the industrialization efforts

The economic indices show that the lowest industrial production was in 1932 and industrial employment in 1933. Afterwards there was a slow rise, but the level of 1928 was still far from being attained in 1935. The downwards trend of wholesale prices was stopped in 1936, but the cost of living and particularly of food showed even then a further decrease.

The slow amelioration in the economic situation was accompanied by one very important factor - the increase of the role of the State in economic activity. The crisis weakened the private sources of credits both foreign and national and the State became the chief banker, particularly in long term credits. From this there was only one step to the State engaging indirectly or directly in many enterprises. It was often done involuntarily when the credits were granted to save some big enterprise from closing down.

The structural problem of overpopulation in agriculture as well as the national defence questions again put in the foreground the necessity of Poland's industrialization.

In 1936 a special body was formed to elaborate plans for the development of Poland's industry and to undertake the organisation. I/
The planning scheme was divided into two parts: the first covering the period from 1936 to 1939 and the second from 1939 to 1954.

The first part consisted chiefly in the creation of the so-called Central Industrial District covering about 23.000 square miles and 5.5 mill. of population. This district was situated in the centre of Poland, this part being particularly neglected as the result of partitions. The plan included the communications investments, hydro-electrical power schemes and river regulations, as well as the construction of workshops and houses for workers. About 90.000 of workers had to find work in newly created heavy industries and their ancillaries, mostly State armaments works. There were serious difficulties resulting from the necessity of imports of machinery and raw materials for the industry, while the low national income, leaving only a small margin for investment purposes, created the financial problems.

The first plan was estimated to cost about £ 112 mill., a big effort, when it is considered that the annual budget of Poland was about £ 115 mill. At first it was financed by big reserves of money, accumulated and unused during the crisis. Afterwards internal loans were to be subscribed and the fiduciary issue of money was authorized. The plan was executed in 70% at the beginning of the war in 1939.

I/Prof. Ferdynand Zweig: The New Trend of Polish Industry.
/Polish Economist No 3, London, 1943./

§ 3. The indirect protectionism and Poland's foreign trade.

The general increase of protective measures by most of the countries after the beginning of the world depression in 1929 is such a well known fact that it seems unnecessary to describe it in a general way. For the purpose of a just estimate of Poland's foreign trade it is sufficient to remember that the sources of disintegration of international trade were outside of Polish boundaries. Prof. Condliffe in his work "The Reconstruction of World Trade " states that the essential landmarks in the disintegration of the world trade was the introduction by U.S.A. of ~~the~~ Hawley-Smoot tariff in 1930.

But in order to understand properly the way in which Polish foreign trade was to be organized in this period as well as the different measures undertaken on account of encouraging Polish exports - it is useful to make a review, at least a very superficial one, of the restrictions obstructing Polish trade. There were two types of restriction: I/ Direct protectionism - mostly tariffs replaced more and more by quotas system. 2/ Indirect protectionism.

The indirect protectionism was based upon the internal laws and administrative measures which had other official purposes while at the same time they obstructed the imports of foreign goods. On the other hand the powerful economic groupings combining producers, traders, finance and transport secured such advantages to the national or favoured foreign product that there were no chances of competition in the way of a simple difference of pri-

I/
ces. The indirect protectionism assumed different forms. Some of the most typical of these forms are put together in groups and illustrated by examples :

I/ The aid to national production.

The creation of particularly favourable conditions for these branches of national production competing with imported products is a kind of indirect protectionism. There were several examples of such protectionism prejudicial to Polish trade. For instance - U.S.A. introduced after 1932 the premiums for farmers using the seeds of national origin. This premium cut severely Polish exports of seeds to U.S.A., well established for a score of years.

2/. The obligatory share of national products.

a/ In Switzerland the Economic Department in Bern paid to the buyer a special premium for the slaughtered poultry of Swiss origin. At the same time every importer of Polish slaughtered poultry or eggs /also well established export product/ was bound to buy the Swiss slaughtered poultry at the rather excessive prices fixed by Government and the Syndicate of Cooperatives. The purchase of Swiss products amounted to 50% of imports in the case of poultry and to 33% for eggs.

b/ From November 1938 Denmark increased the obligatory share of Danish wheat, milled in Denmark from 25% up to 50%.

c/ In many countries, especially overseas dependencies, the public contractors could not use the imported materials, either

I/ Prof. Adam Heydel and dr. Wojciech Zaleski. Le protectionnisme indirect dans les divers pays et ses repercussions sur les exportations de la Pologne. Varsovie. 1938.

expressly by an administrative regulation or by practice. E.g. Polish cement was discriminated against by the recommendation to use only the cement imported from France for the public works. The practice of India Stores Department was much the same

d/All horses imported into France for slaughter /not a negligible item of Polish exports to France/ were bound to be sent to Paris, where the duties of slaughter-house etc. were the highest. The sale of imported horses was allowed only 2-3 times in a week, and during 1-2 last hours, after the sale of the national supplies.

3/. The marking of goods.

The provisions in this respect were particularly unfavourable in U.S.A. Not only the imported goods were to be marked with name of originating country in a fixed and indestructible way, but also the Secretary of State could prescribe the addition of some words or symbols, in order to avoid misunderstanding. It is easy to imagine what were the difficulties, for instance, of importers of Polish tinned meat products, when such an order was issued during the transportation of tins or after their arrival but before clearing.

4/. The system of the allocation of quotas.

The allocation of quotas among the importers was done in a way, which made often impossible the use of allocated amounts. E.g. in France the quotas for slaughtered poultry were divided into 37 quintal parts, while it was well known that only the car-load could pay. Such breaking-up was in common use in res -

pect of the Polish exports in Netherlands, Dutch Indies, Estonia, Latvia.

5/. The hidden increase of tariffs.

There were two essential means of unofficial increase of import duties. The first of these consisted in the imposition of different administrative duties, fees or internal taxes. There were many examples. In Britain there was a duty for the Corn Committee of 5 sh. on 280 pounds of imported flour. In August 1938 it amounted to 3sh.6d. In Belgium - 20 francs of fee for importation documents for every 100kg. of imported corn. The monopoly tax imposed by the Netherlands on imported cereals was particularly high. It surpassed often the price of cereals in Poland. It amounted to 4.50 hfl for 100kg of oats. France simplified this matter by imposing 8% tax on the turnover of imported goods their value being estimated at French prices.

The second way was the calculation of the rate of exchange for imports and exports. For instance, in Argentina the exporter had to sell the foreign exchange at the rate £ 1 - 15 pes. the importer paid for £ 1 - 16, or even 17.6 pes. while, ~~a~~ further example is that of the rate of exchange. The rate of exchange of Hungarian pengö was 42% higher than the official one for Polish exports under the pretext of internal depreciation of zloty, while for German exports it was higher only by 19.5%. At the same time the Hungarian exports got 40.5% of premium in the rate of exchange for their exports to Poland.

6. The veterinary provisions.

In this respect the Germans excelled. There was a full pro-

hibition of importing cattle on foot by the eastern frontier, and imports or transit by rail had to be done in cars, constructed according to German patent. The administration had an almost unlimited power in issuing the temporary prohibitions.

There is a good example of such administrative freedom of action. In 1937 there was an outbreak of foot and mouth disease in 7 districts of Poland. Czechoslovakia prohibited the importation of livestock, straw and fodder from these 7 districts of Poland and from several other countries. Britain prohibited the importation of hay and straw from Poland as the prohibition of importing live animals was in force. Mexico prohibited the import of live animals, hay and straw from Europe.

Other veterinary measures consisted for instance in the prohibition by Germany of importation of hams and other meat preserves in tins with less than 6% of salt of the total weight. Incidentally, with such amount of salt these preserves were uneatable. Polish preserves of poultry and game were prohibited for veterinary purposes by U.S.A.

7/. The phyto-sanitary provisions.

These provisions were used much in the same way and for the same purposes as former ones. For instance, Switzerland ordered that the plants of potatoes could be imported from Poland only in covered wagons, laid out with a specially impregnated paper.

From other sanitary regulations there is worth mentioning the prohibition of importing Polish enamelled pots and pans, imposed by Argentina. The official motivation was that the composi-

tion of enamel was dangerous for human health although these pots were in use from scores of years throughout all Europe. But this care for human health was easier to understand, when it was known that a big factory of such pots was opened in Argentina.

8/. The private protectionism.

This form of indirect protectionism proved to be a great nuisance to the Polish trade. The policy of Transport, shipping and port dues was exercised by the groups of private capitalists connected with the foreign trade and manufacturing industries of different countries. Therefore often Polish exported goods were treated discriminately and their competitive ability was artificially reduced.

For instance many shipping lines charged the additional rates if the goods were transported not to one of the ports of Western Europe but to or from Gdynia. These additional rates amounted often to 6 sh. per ton i.e. dearer than the price of sea transport from Bremen or Hamburg to Gdynia, while both Bremen and Hamburg were exempted from these rates.

The U.S.A. exporters often used this kind of "shipping dumping". South African Union was forced in 1938 to introduce special equalizing taxes in order to counter-balance the American dumping.

The policy of London shipowners was another example of private indirect protectionism against Polish trade. The South African imports were to be effected only if the London shipowner gave his financial confirmation. The shipowner could re-

fuse it without the consent of the South-African importer and ~~purchase~~ elsewhere. Usually the shipowners refused to confirm any purchase without their intermediary or from suppliers other than those connected financially with them. The South-African importers had great difficulties in persuading the London ship-owners to accept a transaction with Poland.

In other cases the shipping companies demanded from Polish exporters of inflammable articles to insure all the loading of the ship, while the exporters of the same nationality as this of the shipping company's owners were not asked to insure anything except the inflammable articles sent by them.

The other striking example of a rather mixed character is that of a ship conveying Polish goods to West Africa. Just before entering the port the captain of the ship was informed of the big increase in port dues. This was done by the administration of the port under the influence of a big trading company. Accidentally the Polish balance of trade with West Africa remained particularly unfavourable.

There is still one particular measure worth mentioning. The so-called "anti-dumping" tariffs of the U.S.A. If the investigators of the U.S.A. reported that any means of encouraging artificially exports existed - it was possible to impose counter-vailing duties. This was a one-sided possibility of increasing tariffs.

The indirect protection was felt more acutely by Poland ~~th~~ than the direct barrier of tariffs. This latter was possible to avoid by the way of reciprocal concessions in a commercial agree

ment ,while the indirect protection was often difficult even to trace.

A particularly difficult problem was created by private indirect protection. It could not be counter-acted by the way of commercial agreements based upon tariffs or ~~even~~ upon quotas. On the other hand Polish economic structure was so weak in comparison with that of the countries using this form of protection as to make very difficult any opposition by private initiative. Thus, the trend to build a Polish merchant fleet and to create an overseas trade centre in Gdynia was to a great extent the reaction in this respect.

As regards indirect protection in Poland ^{I/} itself that seems to have been negligible with one exception - the railway rates. The railway rates were used in a classical and popular way for encouraging exports by introducing exceptional rates for exported goods.

It is worth mentioning ,however, that the Polish railway rates' book contained a rather rare provision: The exceptional rates for Polish exported goods could be used for conveying foreign exported goods passing through Poland in transit, if the countries of their origin reciprocally granted the same facilities for Polish goods through their territories.

The other peculiarity of a continental character was the discrimination between goods, conveyed from and to other countries in dependence of the route. The goods passing through Polish ports were highly privileged in comparison with the goods

passing through ~~land~~ frontiers. E.g. The railway rate for the motor-car imported through Gdynia amounted to 1.20 zł. for 100kg/ 400km., while for the same distance in the case of import through land frontier - 8.82 zł.

The second form of Polish indirect protection was the voluntary decision of the national industries to use a certain percentage of local raw materials. It concerned chiefly greases and oils for soap production /15% of flax oil/, cotton yarn /8.2% of substitutes as extra cotton/, wool~~x~~ /varying percentage of national wool in dependence of supplies/. Incidentally this measure concerned the countries with particularly unfavourable/~~for~~ Poland/ balance of trade.

Other means such as allocation of quotas, veterinary provisions, rates of foreign exchange were not used by Poland.

Thus, generally speaking the indirect protection was not a weapon of any greater importance in Polish trade policy. ^{I/}

CHAPTER XIV. The regulation of Poland's foreign trade in the -----third period -----

§ I. New tariff from 1932 and the new customs law from 1933

A. Tariff from 1932^s

The work a new tariff fully adapted to the Polish conditions lasted for several years. It was finished in 1932, just after the essential changes had taken place in international trade. The new tariff, promulgated on August 23, 1932 ^{2/} came into force on Octo-

I/Prof. Adam Heydel et Bronisław Cyrzanowski. Le protectionnisme indirect en Pologne. Varsovie. April, 1939.

2/J.L. 1932, No 85, i. 732.

ber II, 1933.

There were two columns of duties. Column I was to be applied to the goods, originating from the countries without any commercial agreement in force with Poland. On an average the rates of column I were higher by 25% than those of column II.

The duties of column II were applied if the first column for any reason could not be used. The reductions of duties granted on behalf of commercial agreements formed thus the third column and were calculated on the basis of the second column.

The duties of this tariff, expressed in gold, were specific with the exception of motor-cars, their parts etc. For these latter the specific duties were combined with these ad valorem.

The tariff was highly specialized. It contained 1276 numeros and 4550 duties/the tariff from 1924 - 1.900 duties/.

The level of protection was higher. It was in accordance with the general tendency of this period. The indices of protection of tariff from 1932 are not available. Their construction would be a difficult task, the final result easily misleading. The fluctuations of prices, many temporary reductions, reciprocal concessions, all these factors were almost impossible to assess.

The relations between the total customs revenue and the value of imports to Poland is expressed by the following data:

In 1933 the customs revenue amounted to 19% of the value of imports, in 1934 - to 18.4%, in 1935 - 19%. This was rather a high ratio, as in 1922 it amounted to 2.8%, in 1925 - 16.7%^{I/}

I/ Cf. Chełmiński.

According to the opinion of Mr. Czechowicz the average relation of customs net revenue to the value of imports for 1935-1938 was at 11%. His deduction of granted reductions from autonomous duties is justified, but it ^{does not} ~~seems~~ just to deduct the refunded customs duties as they did not influence the level of protection.

The role of the general tariff was in this period tending to decline. Another way of regulation, applied formerly, gained more and more importance. Therefore it is necessary to pay attention to the new customs law from October 27, 1933^{I/}, which codified these methods of trade policy.

It seems unnecessary to give a general description of this law. It comprised all customs regulations and abolished all the provisions concerning the customs with the exception of the tariff from 1932.

Briefly speaking the law of 1933 conferred upon the executive authority the same powers as were formerly conferred provisionally by the law of 1924.

Thus the Council of Ministers was authorized to modify the tariff in dependence on economic conditions. The Council could also introduce the restrictions on importation, exportation and transit and authorize the Minister of Industry to make exemptions from them under the conditions established by this latter Minister. The Council could also introduce by order the duties of retaliation and the so-called counter-vailing duties /for

I/J.L. 1933, No 84, i. 610

imports from countries with depreciated exchanges or subsidising their exports/.

The Minister of Finance was authorized: ^{I/}1/to establish or to modify the ~~export~~ duties by issuing orders in this respect, 2/to refund partially or totally the customs duties paid for the raw materials, semi-manufactured goods or machinery used in producing the exported goods, 3/to introduce the restrictions on imports for the sake of public security~~ty~~, State monopolies, public health etc.

§ 2. The administrative apparatus.

The role of the State

The Parliament had to approve all the commercial ~~ag~~ventions and treaties of a general character. But as the role of the conventions in the foreign trade policy rapidly decreased after 1931 the proper ~~trade~~ policy was conducted by the administration

^{I/}The departmental division of powers was as follows:

The Ministry of Foreign Affairs had practically little concern with the trade policy, being limited to the consular services and the role of a legal expert while concluding the commercial agreements.

The Ministry of Finance administered the customs and exercised the control in this respect. It guarded the interests of the currency. This Ministry also was competent in agreement with the Ministry of Industry to regulate the measures for organizing

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Paweł Czechowicz. L'organisation administrative du commerce
exterieur de la Pologne. Varsovie. Mai. 1939.

and encouraging exports. It issued orders, imposing the export duties and provisions, regulating the refund of customs duties. Both these measures were to be done in strict understanding with the Ministry of Industry and the Ministry of Agriculture.

But the proper trade policy was conducted by the Ministry of Industry and Commerce. The Trade Department of this Ministry established the import quotas, supervised their division amongst importers and gave the directions in respect of the allocation of export quotas. The Industrial Department together with the Mining Department were bound to preserve the interests of mining and industry in foreign trade and to collaborate with the Ministry of Finance in respect of customs and their reductions.

The State Institute of Export established at the Ministry of Industry as one of its departments on September 17, 1927, was initially intended to act as a centre of information for export matters. With the increase of State control in foreign trade the Institute acquired new tasks. It had to give opinions about legislation, to defend the interests of Polish exporters before the Polish and foreign authorities and last but not least to approve the allocation of export quotas among the economic groups and individual exporters.

The institutions of economic self-government.

The essential feature of the administrative organization of Poland's foreign trade was the transfer of authority by the State administration to the economic self-governing institution to the greatest possible degree. These institutions were the

Chambers of Industry and Commerce, these of Agriculture and Handicraft, as well as the central organizations representing the producers as for instance the Syndicate of Foundries, the Association of The Producers, exporting animal products.

These self-governing institutions by their central organizations had not only to give the general opinions about the import and export quotas but carried out most of the administrative tasks. They established the lists of importers and exporters, issued the different certificates of origin, of the composition of the commodity, of the fulfilment by the producers of diverse conditions imposed by orders. They supervised the standards of exported goods. In most important export branches there were associations or groupings of producers, in practice obligatory as for sugar, coal, metallurgy, petroleum, eggs, butter, bacon.

§ 3. The functioning of the control of trade

The pressure upon the Polish balance of payment and the decision to maintain the rate of exchange logically forced the step of keeping a favourable balance of trade. This was to be done by strict control of imports and organization of exports. The general trend in the regulation of foreign trade did not spare Poland. The system of quotas and bilateral agreements began to play a more and more important role in Polish trade.

Incidentally, most of Poland's neighbours and partners in trade as Germany, Hungary, Czechoslovakia and the Balcan countries had introduced the quota system and most of them the control of foreign exchange and the clearing.

The import duties were insufficient ;because of different

ways of dumping exports and because the reciprocal concessions in reductions of duties for Polish exports proved to be worthless owing to indirect protection and clearing.

Thus, the prohibitions of imports imposed in December, 1931 were built up in a full system of regulating imports. Afterwards the legal basis was to be found in the customs law from 1933.

The reductions of import duties.

The Minister of Finance in agreement with the Minister of Industry and the Minister of Agriculture issued an order granting reductions from import duties or even customs franchise. Such an order was valid usually for 6 months and contained 3 X lists of articles. These articles were mostly the machines and tools not produced in Poland and raw materials and semi-manufactured goods for industrial purposes. The first list contained the articles which could be imported on authorization of the Ministry of Finance. The second list - the authorization of Chambers of Industry, the third list - without any authorization. The import licences were issued within the quantities fixed in conformity with the needs of the market. Quotas were allotted to various countries by agreement. If no quotas was provided for a given country the imports had to be compensated by exports to such a country or group of countries or to be charged by special duties. As the balance of trade between the United Kingdom and Poland remained favourable these restrictions were not applied to the United Kingdom, adequate quotas having been arranged for most commodities.

The preferential duties for sea-borne trade introduced on

December 19, 1931 concerned tea, coffee, cocoa, scories, Thomas, cotton, jute, sisal, wool, exotic fruits. Many other articles were included by the tariff from 1932 and its supplements. E.g. apples, herrings, cod liver oil, rubber, cork. The preference was considerable, it exceeded often reduction of 50% on the duties imposed on the same articles imported by land. In some cases full franchise for the imports by sea was granted. These reductions were automatic.

Quantitative regulation of imports.

The regulation of trade by the quota system assured the fullest control of the State over foreign trade. This control was exercised by licences of importation and permits of exportation.

The quantitative regimentation of foreign trade was gradually abolished in 1924-1928. In 1928 there were only left in force the prohibition on importation of luxury goods and articles of German origin. The orders from December 21, 1931 and from December 12, 1934 prohibited the importation of many articles without authorization of the Ministry of Industry. But some conventions had a provision compelling Poland in the case of prohibition to grant a quota not less than the actual total import or a given fraction of a given article. Thus Poland was bound immediately after introducing prohibitions to grant such quotas. It was not annoying as the preceding period showed a considerable fall of imports due to the economic depression. With the other countries Poland concluded the special quota agreements. The

quotas were established from the point of view of import needs for machinery and raw materials as well as from the point of view of reciprocal concessions granted on behalf of Polish exports. But there was a group of articles so important for the economic life that they could not be dependent on the fluctuations often casual of such agreements. This group consisted of raw materials, necessary for Polish industry. The imports of these commodities were mostly autonomous and their quotas were established by the Ministry of Industry within the limits of the annual consumption. They were afterwards taken into account in bilateral agreements.

Thus there were : 1/The negotiated quotas of imports established in commercial agreements. 2/The imports in the agreements of clearing. They were not included in quotas, but their amount was established according to the imports in the preceding year. 3/The autonomous quotas, granted every two months.

The procedure for imports.

The importer, had to state on the prescribed form the name of the imported commodity, its weight, price and its position in the tariff and to send these forms to one of the self-governing economic institution such as Chamber of Industry, the Association of Polish exporters of a given commodity. The good accountancy and the proper price were both to be certified by one of these organs which presented the form to the Central Commission of Importation. In this case of transactions with countries, which introduced exchange control - the payment was to be done through

the Clearing Office. This Office was created for acting as intermediary for transfer of sums due between Poland and the countries with exchange control. The greatest difficulty in these compensation transactions was the synchronisation. Even in the case of Germany, notwithstanding the big turnover there were credits granted.

The importer, if he had to deal in the way of clearing and delivery to the Clearing Office. If a credit was granted the Office issued a certificate on the basis of a special guarantee, even without the demand of the foreign seller. The terms of credit were limited by the Office, the longest period being of 15 months, some articles such as fruits being refused any credit at all.

After the introduction of the exchange control - the obligatory guarantee was abolished.

The regulation of exports by export duties.

The regulation of exports was exercised further in the way of exempting from export duties. The essential aims were the organization of producers, the standardization and proper allocation of export quotas. This task was especially difficult in the case of agricultural products. The whole structure of Polish agricultural production was rather unfavourable for the proper standardization. The bulk of Polish agricultural producers was formed by small agricultural holders, mostly poorly equipped, without working capital. For such a producer the exemption from an export duty was not an automatic incentive. It was necessary to introduce a whole apparatus of agricultural instructors teaching the small holders

to attain the most profitable standards and to organize a collecting network of traders. This was done in the case of butter and eggs by cooperative societies, which had an almost monopolistic position in this branch of export. The production of bacon was encouraged by private initiative backed by the work of self-governing institutions and instructors. Thus, the export duties were rather designed to prevent the export trade being exploited by irresponsible traders.

An order from August 23, 1934 divided the export duties into 5 groups : 1/ minerals, scories, base metals, 2/ timber and wood 3/ animals, poultry, animal products, meat, 4/ scraps of animal origin, 5/ diverse.

Except raw materials, indispensable for national industry, the commodities could be exempted from export duties by the economic organizations, authorized by the Ministry of Industry. E.g. the exemptions of timber - by the Association of timber producers - for meat, bacon, lard - by association of producers exporting animal products, for smaller branches - by Chambers of Industry and Commerce.

The refund of custom duties.

The refund of customs duties was applied in this period as the means of forwarding exports by releasing the producers from the burden of customs duties, imposed on the imported goods, used for production of exported articles. The total sum of refund duties increased steadily up to circa 50% of gross customs revenue. They were granted mostly to the agricultural products, almost exclu-

sively cereals and flours./In 1936 their share was up to 84% of total sum/.From the internal point of view they aimed at keeping higher the level of agricultural prices.The importance of this last factor was explained in the chapter I.More detailed data is in the table 74.The refund of customs duties was granted by Ministry of Finance.

Table 74.

I.The refund of customs duties.

	£ thous.	% of the total value of exports	% of the total gross customs re- venue
1931/1932	2.280	5.1	26.7
1932/1933	1.760	4.4	31.3
1933/1934	2.400	6.1	38.9
1934/1935	3.000	7.9	48.6
1935/1936	3.200	8.2	49.1
1936/1937	3.140	7.1	45.6

2.The commodities,enjoying the refund in 1934/1935.

Total sum	3.000
Foodstuffs	2.504
of which corn& its products	2.480
Founding& me- tal products	360
Machines	20
Textile products	44
Chemical products	28
Ethyl alcohol	44
Other goods	4

§ 4.The position of Danzig in the third period.

The growth of the port of Gdynia caused a noticeable im-
provement in the relations with Danzig.^{I/}After a long series of

I/. Cf. Chełmiński.

disputes relating to the exploitation of the port of Danzig an agreement was concluded on August 5, 1933. According to this agreement the Polish Government and the authorities of Danzig had to collaborate in order to counteract the diminution of the traffic in the port. Quotas of goods were established to be sent through the port of Danzig.

Several economic agreements, concluded on August 6, 1934 were designed to make relations between Poland and Danzig easier. One of them regulated the ticklish question of import and export quotas. Danzig renounced her privileges, granted by art. 212 of the Warsaw convention, previously described. Instead Danzig was guaranteed a share fixed by mutual consent in every quota established by Poland. Clearing transactions were excluded.

This collaboration was short-lived. In July, 1935 a serious dispute arose owing to the financial policy of Danzig. The depreciation of Danzig currency resulted in a decrease in the total amount of duties when paid in this currency. Danzig refused to carry out the ^{arrangements} ~~arrangements~~ of the Polish Government, which aimed at the abolition of these divergencies. Nevertheless the fall of traffic in the port of Danzig led inevitably to a restoration of normal relations with Poland.

But the growth of the Nazi party and their pressure upon Danzig caused political factors to prevail over economic ones after 1936. The endless disputes on the customs administration, the control of the foreign exchange etc., were renewed.

Thus, Danzig, a short interval of a couple of years excepted

remained a loophole in the customs system of Poland

§ 5. The introduction of the control of exchange and the changes in the control of the foreign trade.

Notwithstanding all efforts to meet foreign obligations Poland was forced to introduce the control of foreign exchange and the provisional suspension of transfer in April, 1936. There were several causes, all connected with the world depression.

First cause was the efflux of foreign capital from Poland, not counter-balanced by new credits.

I/
According to estimates of Mr. Wellisz total foreign State indebtedness in 1936 was circa 3.600 mill. zloty /£ 144 mill/, private indebtedness amounting to 3.800 mill. zloty /£ 152 mill/. Aggregate sums transferred abroad in 1929 - 1935 on account of the foreign credits amounted to 4.800 mill. zloty : 1.850 mill. zloty as redemption of private indebtedness, 750 mill. - that of public indebtedness and 2.192 mill. zloty as service of both private and public indebtedness. Thus the private business life of Poland paid off during 1929-1935 about one third of the sums invested or advanced by foreign capital till 1929.

The volatile capitals of goods and inter-bank credits fled first. The industrial credits were tied by the crisis and therefore they flowed, to a small extent, during the crisis. But when the enterprises attained more liquidity the longer-term capital invested began to leave the country. Thus, in spite of the gradual recovery of Poland the pressure on her balance of payment was not diminished.

The whole domestic economy was adapted to the necessity of securing sufficient means for transfers, the commodity export being utilized first for this purpose. But other causes, accentuated during the end of 1935 and beginning of 1936, made impossible for Poland to carry on her policy of free exchange.

There was steady and serious shrinking of items, assuring the solvency of Poland's balance of payment. The principal assets were :1/The surplus of the balance of trade - it declined in 1935 to 16% of that in 1931. 2/The emigrants' remittances, amounting in 1935 to 50% of these in 1931. 3/The earnings on transit traffic, which declined in 1935 to 25% of these in 1931. Incidentally the arrears of payments due from Germany in this respect amounted to £ 3.6 mill. her annual payment being about £ 2.8 mill.

On the other hand the crisis of the French currency and of the whole "gold bloc" began in its last phase in the second half of 1935, reaching its peak in the first quarter of 1936 and evoking public disquiet in Poland. It caused an additional pressure upon Poland's balance of payment.

Poland with her stocks of gold and foreign exchange reduced to £ 19 mill. could not stop the disquiet and was bound to introduce the control of the foreign exchange.

The more detailed data about the balance of payment is to be found in Appendix No. 4.

Thus the introduction of the control of exchange was caused by reasons outside of the foreign trade sphere.

Naturally it influenced the foreign trade but rather in its technical side. The introduction of the control of foreign exchange

ge did not affect to any greater extent the volume of the foreign trade. The national industry was not effected at all as the import needed by it got priority. It caused a short, temporary speculation with the imported goods. This speculation was stopped by the ~~im-~~
~~ported~~ temporary measures as increase of the quotas and reduction of some duties. Because of the technical difficulties and complications involved by full control of exchange an overhaul of the administrative machinery of Polish foreign trade was made.

By order from May 7, 1936 the whole foreign trade was submitted to the newly formed interdepartmental Commission of the turnover of commodities. This commission, a bureaucratic body, had in practice as its essential task to supervise the export. Particularly it had to watch that the foreign exchange got by exporters, should be duly transferred to the authorized banks. This was done in the way of special certificates for exports. The Commission ceded the issue of certificates to the Clearing Office and to the organizations of producers as Polish Coal Syndicate, Exporting Syndicate of Polish Foundries, the Associations of Producers, exporting animal products. Some of them were even granted a kind of autonomy. E.g. the exporting Syndicate of Polish Foundries was authorized to use for its own purposes - the foreign currencies obtained by its exports.

In order to preserve the elasticity in trade policy as well as to assure the due influence for directly interested circles - the Government maintained the practice of transferring to the

economic self-governing institutions most of the functions in respect to foreign trade. Thus the Clearing Office was administered by a council, composed from representatives of the State, Bank of Poland and economic self-governing institutions. On June 4, 1937 was created the Council of Foreign Trade - the chief administering body of Polish foreign trade.

The council was formed by the Union of Chambers of Industry and Commerce, the Union of Chambers of Agriculture and Agricultural Organizations, the Union of Chambers of Handicraft.

The Council worked through its 6 committees having both a consultative and executive character :

1. The Committee of commercial agreements.
2. The Committee of the organization of export.
3. The Committee of financing exports.
4. The Committee of control of exchange.
5. The Maritime Committee.
6. The Committee of imports.

The Council took over the powers of the former Commission for Importation. Particularly it had to establish for 2 months in advance the quotas of imports. The control of foreign exchange did not serve the purpose of helping exports as it was in many countries. The Bank of Poland did not paid any premium on the rate of exchange to the exporters. The foreign trade did not feel any tightening-up as the foreign exchange was allocated first of all for imports and only after that were other needs considered.

Notwithstanding the control of foreign exchange the bulk of Polish trade remained with the countries with "free" exchange. In 1936/1937 only 18% of the total value of imports and 25% of the total value of exports of Poland were dealt with by clearing.

§ 6. The commercial agreements of this period and the end of the tariff war with Germany

Looking through the full list of Polish commercial agreements, concluded between 1931-1939 /see Appendix No 8/ it is easy to notice that these agreements have the character of supplementary, additional arrangements. They are usually treating some detailed reductions of tariffs for some quotas of imports for both contracting parties.

There are only a few general conventions as the economic convention with Germany from November 4, 1935.

There is also a series of clearing agreements concluded, changed or prolonged.

This circumstance reflects well the changes in the methods and means of the foreign trade policy. Like other countries Poland re-established the quantitative restrictions.

The quantitative regulation of foreign trade caused a decline in the importance of the general conventions. The conventions ratified by Parliament were becoming meaningless. A more and more decisive role was played by temporary reductions of tariffs and the permissions for strictly defined quotas of imports. Many of these agreements even remained secret. They were often put into force by the circulars of the Minister of Finance

ce .

The most important agreements of this period were with Great Britain and with Germany. The agreement with Great Britain will be discussed later. It seems therefore useful to give a short account of the Polish-German convention.

During the tariff war Polish-German commercial relations were to a large extent regulated by the series of agreements, mostly short-term, granting reciprocal permissions for importation of a given article in a given period. For instance, the import of Polish timber was regulated in this way as was mentioned in Part II.

The Treaty of 1930 not being ratified by the Reichstag, Polish-German relations were going to be adversely affected. Both parties still applied the system of reciprocal temporary concessions. On October 14, 1933 as the new tariff from 1932 came into force threatening the German imports by increased duties, the modus vivendi was established by an exchange of notes. Notes were exchanged on this account eleven times up to March 7, 1934. On this date the provisional arrangement was concluded by which both parties abolished any discriminative measures, applied a - against the trade of either country. The general tariff was to be applied by both parties. But the control of foreign exchange strictly carried out by Germany made commercial relations more and more difficult. Thus, the provisional agreement was concluded on October 11, 1934 for one year. Both parties mutually granted the most-favoured nation clause in respect of a few commodi-

ties specified in the agreement. Quotas were established and the regime of bilateral clearing unofficially introduced. Poland was authorized to send agricultural products in exchange for German industrial products. Polish products were sold easily, while the German products met stronger competition on the Polish market both from national and foreign industries. After the expiry of this agreement Poland was left creditor with no practical possibility of getting her sums due, because of clearing. This agreement served her as a good lesson for the trade policy with "clearing" countries.

The next commercial agreement was the economic convention signed on November 4, 1935 in Warsaw. Both parties granted mutually the most-favoured nation clause. The reductions of duties were limited and meaningless. The convention contained the regulations about certificates of origin, the facilities for commercial travellers, the protective measures against unloyal competition and the appendix with the veterinary provisions. At the same time a clearing agreement was signed, the first of this kind to be concluded by Poland. Thus Poland was forced to introduce a special/^{still}non-existing control of foreign exchange in respect to the turnover with Germany. Both parties appointed special committees to supervise the carrying out of the conventional provisions. They issued certificates authorizing the customs formalities for goods imported or exported, in order to assure the functioning and the synchronisation of bilateral clearing. The convention was concluded for one year with the stipulation of

an automatic extension.

Thus, the Polish-German tariff war came to an end. At the first glance at the conditions of this convention, concluded after 10 years of economic struggle, it would be possible to state that this struggle finished indecisively. Both parties resigned from their chief demands, Poland - from coal import quotas, Germany - from reductions of duties for her industrial goods. But a deeper insight changes this opinion completely. It is necessary to remember the design of Germany when breaking her legal commercial relations with Poland. This latter had to become a hinterland for German industry. At the same time many political aims had to be attained - the preservation of Big German estates, the settlement of Germans in Poland, the downfall of Polish Upper Silesia. Now, that all these political aims in the trade policy were abandoned, the share of Germany in Polish foreign trade fell from 40% /imports/ and 50% /exports/ in 1924 to 14.4% and 16.2% in 1935. As the result of a German attack on her economic independence Poland not only repulsed this attack, but even got rid of German semi-monopoly.

There were several clearing agreements set on the model of that with Germany. Particularly after the introduction of the control of foreign exchange by Poland this new type of agreement sprang up. Their proper meaning consisted not merely on the modalities and accountancy, but fixing the rate of exchange. It must be taken into account that several countries trading with Poland used the depreciation of their currencies as the means of subsi-

dising their exports. They settled different rates of exchange in dependence of their purposes, taking Germany as a model.

The general feature of the Polish clearing agreements /e.g. with Germany, Yugoslavia, Italy, Bulgaria/ was the establishment of a fixed rate of exchange. In some particularly difficult cases as for instance Roumania, a special system of additional premium was introduced in order to counter-vail the premium of the different rate of exchange, favourising the Roumanian exporters.

CHAPTER XV. THE VOLUME OF THE FOREIGN TRADE AND ITS FLOW.

§ I. Introductory general remarks.

The table 75 contains the data concerning the total value and weight of Poland's imports and exports during the third period.

Table 75.

The value and weight of Poland's imports and exports in 1932-1938

Year	Import			Export			Exces of in ports /or exp.†
	Weight mill. tons	Value £ mill.	Average value of 1 ton-£	Weight mill. t.	Value £ mill.	Aver. Weight mill. t.	
1932	1.8	34.5	19. 2	13.5	43.3	3. 4	+8.8
1933	2.4	33.0	13.14	13.0	38.5	2.14	+5.5
1934	2.6	32.0	12. 6	14.6	39.0	2.11	+7.0
1935	2.6	34.5	13.3	13.4	37.0	2.15	+2.5
1936	3.1	40.0	13.	13.0	41.0	3. 3	+1.0
1937	3.7	50.0	13.10	15.0	48.0	3. 4	-2.0
1938	3.3	52.0	15.15	15.6	47.6	3. 1	-4.6

The weight of imports attained its lowest mark in 1932 and almost also that of exports. There is one essential difference between imports and exports in this respect. The imports show a steady increase in weight of more than 50% during this period,

while the fluctuations of exports do not surpass 15%.

The value of imports was on decline up to 1934, causing the serious drop in the average value of an imported ton. Incidentally 1934 was the year with the lowest index of industrial production of Poland from 1928 up to 1938. At the same time the value of exports was decreasing one year longer - till 1935, their tonnage being pretty constant, as well as the average value of an exported ton. The balance of trade was eminently favourable during the most difficult years of 1932-1934. The year 1935 witnessed the sharp decline of the excess of imports over exports. In the forthcoming three years 1936-1938 the total volume of foreign trade showed a constant tendency to increase, while the balance of trade became unfavourable. It seems worth mentioning here that the years 1936-1938 were under the influence of an influx of foreign goods and financial credits and that the general economic situation was improving.

The tonnage of exports showed an increase but far smaller than that of imports. The tonnage of these latter dropped in 1938 but it can be explained either by bigger imports of machinery for the expanding industry or by the imports of raw materials as measures of military defensive preparations and thus not included in the statistics, or by both of these factors. The average value of a ton of imports as well as that of a ton of exports showed an increase after 1934.

§ 2. The actual imports.

The difficulties of describing imports were pointed out in Part II. These difficulties are fully actual for the import

trade of the last period.

The general division into groups of consumers' goods, machinery and raw materials is to be found in the table below.^{I/}

Table 76.

The percentage share of 3 groups of imported articles in the total value of Poland's import

	Raw materials and semi-manufactured	Machinery and means of transp.	Foodstuffs and other consumers good
I932	53.2	9.4	37.4
I933	58.2	9.2	32.6
I934	62.5	8.5	29.0
I935	59.6	11.2	29.2
I936	61.2	12.0	26.3
I937	62.4	12.9	24.7

The consumers' goods were in a steady decline in accordance with the constant tendency dating from 1925. Their share was going to increase the share of two other classes. The class of machinery dropped from 12% in 1931 to 9,4% in 1932-1934, i. e. during the worst years of economic depression in Poland, when the industrial expansion was stopped. But the class of raw materials increased from 51,3% up to 62,5% in 1934. The restrictions of import of consumers' goods and efforts to keep the national industries busy caused this increase. This latter however was checked by the process of general economic revival.

The amelioration in the economic situation renewed, although

I/. Prof. Czesław Strzeszewski. La politique du commerce extérieur de la Pologne. Varsovie. December. 1938.

not so quickly as in 1927 - 1929, the expansion of industries resulted in the steady increase of machinery and means of transport imports up to 19,2% in 1938.

There are two other types of statistics available for 1934-1937 : the classification of imports according to stages of production and that according to the use of commodities.^{I/}

Table 77.

Percentage division of imports according to the stage of production and to the use of commodities in 1934 - 1937.

I. Stages of production.				
	1934	1935	1936	1937
	%	%	%	%
a. crude	52.7	50	49.8	47.5
b. simply transformed	19.2	23.9	20.5	23.4
c. More elaborately transform.	28.1	26.1	29.7	29.1
2. Use of commodities.				
	1934	1935	1936	1937
	%	%	%	%
a. materials for production	68.7	66	68.9	70
b. oils and fats	5.1		3.1	3.3
c. fuel, electric power	0.9	0.9	0.7	0.8
d. machines, capital equipment	19.0	12.0	12.0	12.2
e. materials for direct consumpt.	16.3		15.3	14.7

This table in its first point confirms in the first place the data of table 76 in respect to the prevailing part of raw

I/. According to the international classification, fixed by the committee of statistical experts of the League of Nations.

materials in Poland's import trade. The second point of this table is complementary to the table . It explains that a good deal of the group of foodstuffs and other consumers' goods /at least one third/ were destined not for direct consumption, as might be judged, but for production purposes.

Thus, briefly speaking in the last years ^{four fifths of} Polish imports served for production purposes /almost exclusively for industry, as for agriculture only 1-1.5%/, while less than one-fifth were used for direct consumption. This was a result of a constant tendency from 1925 to reduce the import of commodities for direct consumption as much as possible.

The principal imported commodities are shown in the table below

Table 78.

Principal commodities in Poland's import trade.

Description	1932			1935			1938		
	tons thous.	£ mil.	% of tot. val.	tons th.	£ mil.	% of tot. val.	tons th.	£ m.	% of tot.
1. Raw cotton and waste	51	3.4	10	67	4.6	13.3	79	4.7	9.0
2. Wool & waste	18	2.6	7.5	23	2.9	8.4	27	3.8	7.4
3. Machines apparatus, elect. equip.	9	2.5	7.2	13	2.8	8.1	40	7.9	4.8
4. Chemical & pharmaceutical products	118	2.8	8.1	111	2.0	5.7	279	3	5.8
5. Hides, raw	16	0.7	2	28	1.3	3.9	28	1.6	3.3
6. Scrap iron	123	0.8	0.9	360	1.0	3.0	426	2.0	3.9
7. Fruit etc.	33	0.9	2.8	75	1.6	4.8	66	2.0	3.2
8. Furs raw	3	1.1	3.3	3	1.0	3.0	3	1.8	2.9
9. Means of trans.	2	0.6	1.8	4	1.1	3.3	14	2.3	4.4
10. Yarn, tops	3	1.6	4.8	2	0.9	2.8	3	1.4	2.5
11. Tobacco	9	1.3	5.9	8	0.8	2.5	10	2.2	3.8
12. Rags	16	0.3	0.9	20	0.6	1.8	17	0.8	1.5
13. Textile goods garments	2	1.8	5.4	2	0.8	2.5	3	1.0	1.9
14. Herrings	45	0.7	2.1	46	0.6	1.8	62	0.9	1.7
15. Fats & oils	46	1.4	24.2	24	0.6	1.8	21	0.6	1.2
16. Coffee, tea etc.	15	1.3	3.9	14	0.8	2.4	16	0.8	1.6
17. Paper etc.	31	1.0	3.0	41	0.8	2.4	41	1.0	1.8
18. Ores, slag, ash	229	0.5	1.5	448	0.7	2.1	841	1.5	2.7
19. Copper, sheets	5	0.2	0.6	13	0.4	1.2	27	1.4	2.5
			73.9			78.8			75.9

In 1938 the imports of oleaginous seeds and copra amounted to 1.2% of the total value, these of rubber - 1.2%.

The general characteristic of Polish import trade was given above. But it seems useful to add some remarks on the basis of this table.

First - the part, played in imports by Polish manufacturing industries. Raw materials for textile industry accounted for ~~an~~ about 20- 25% of the total value of imports.

Second - the increase of the volume of imports, connected with the industrialisation of the country and the expansion of her industries and capital investments. The imports of ores, scrap iron, copper, chemical products increased two or threefold while the imports of machinery - four times in volume.

Third - the imports of raw materials for manufacture of consumers' goods and foodstuffs after recovery from the depression were pretty constant in volume, in particular cases showing even a considerable increase as e.g. herrings.

The next table illustrates the question of origin of these principal commodities.

Table 79.

Poland's import of certain commodities with data in respect of the principal countries of origin. /In £ mill/.

	1933	1935	1938
I. Cotton and waste			
I. Cotton and waste	4	4.6	4.7
USA	3.2	3.2	2.7
Egypt	0.4	0.6	0.7
British India	0.1	0.2	0.3
2. Wool and waste	3.1	2.9	3.8
Australia	0.9	0.8	1.2
Un. Kingdom	0.5	0.6	0.7
Belgium	0.3	0.4	0.6
New Zealand	.	0.2	0.4
South Afr. Union	0.1	0.2	0.2

	1933	1935	1938
3. Machines, apparatus, electrical equipment	2.3	2.8	7.9
Germany	1.0	1.1	4.5
Un. Kingdom	0.3	0.5	1.0
Switzerland	0.1	0.1	0.3
USA	0.1	0.1	0.6
4. Chemical & pharmaceutical products, paints	2.6	2.0	3.0
Germany	1.0	0.5	1.0
Argentina	0.2	0.2	0.3
Switzerland	0.2	0.2	0.2
France	0.3	0.2	0.2
Un. Kingdom	0.1	0.2	0.2
5. Raw hides	0.8	1.3	1.6
Argentina	0.1	0.1	0.6
Netherlands	0.1	0.1	0.2
Brasil	0.1	0.3	0.1
6. Scrap iron	0.9	1.0	2.0
Belgium	0.1	0.1	0.2
France	.	0.1	0.2
Germany	.	0.2	0.1
Un. Kingdom	0.2	0.1	0.1
7. Fruit, edible berries	1.0	1.6	2.0
Spain	.	0.3	0.2
Palestine	.	0.1	0.2
Italy	0.3	0.4	0.2
Yugoslavia	0.1	0.1	0.1
8. Raw furs	1.0	1.0	1.8
Un. Kingdom	0.2	0.3	0.2
USSR	0.1	0.1	.
USA	.	0.1	0.1
9. Means of transport	0.6	1.1	2.3
Germany	0.1	0.1	1.0
Un. Kingdom	0.1	0.5	0.4
USA	0.1	0.1	0.5
10. Yarn, tops	1.1	0.9	1.4
Un. Kingdom	0.2	0.3	0.5
Germany	0.1	0.1	0.1
France	0.1	0.1	0.1
11. Tobacco	0.8	0.8	2.2
Bulgaria	.	0.1	0.6
Italy	0.5	0.1	0.2
Yugoslavia	0.1	0.1	0.1
USSR	0.1	0.1	0.1

	1933	1935	1938
I2. Rags	0.3	0.6	0.8
Un. Kingdom	.	0.1	0.3
Belgium	0.1	0.1	0.1
I3. Textile goods, garments	1.0	0.8	1.0
Czechoslovakia	0.2	0.2	0.2
Un. Kingdom	0.1	0.2	0.3
I4. Herrings	0.7	0.6	0.9
Un. Kingdom	0.4	0.5	0.6
Norway	0.1	0.1	0.2
I5. Fats & oils	0.8	0.6	0.6
Netherlands	0.2	0.2	0.2
Norway	0.1	0.1	0.2
I6. Coffee, tea, cocoa	1.1	0.8	0.8
Brazil	0.3	0.2	0.2
Gold Coast	.	0.1	0.2
Ceylon	0.1	0.1	0.1
I7. Paper & paper goods	0.9	0.8	1.0
Germany	0.4	0.1	0.4
Sweden	0.1	0.1	0.1
I8. Ores, slag, ashes	0.7	2.1	1.5
Germany	0.3	0.2	0.1
Sweden	0.0	0.1	0.2
USSR	0.2	0.1	0.2
I9. Copper, sheets	0.3	0.4	1.4
USA	0.1	0.3	0.3
Belgium	.	0.1	0.1

Polish import trade was very dispersed and therefore difficult to be divided into some general groups according to the origin and the classes.

But it is possible to notice that machinery and means of transport were supplied chiefly by Germany, United Kingdom, USA, Switzerland.

The raw materials - e.g. for textile industry by USA, Australia, Egypt, Un. Kingdom, Argentina, Switzerland, these for metallurgy - by Sweden, Germany, USA.

In the group of foodstuffs : the colonial goods - by Brazil, Gold Coast, Ceylon, fish - by Un. Kingdom, Fruit & by Spain, Palestine, Italy.

§ 3. The actual exports.

The composition of Poland's exports according to the stage of production and the use of commodities is to be found in the following table.

Table 80.

Poland's export trade according to the stage of production and the use of commodities.

1. Stage of production /percentage of the total value/.				
	1934	1935	1936	1937
a. crude	45.6	45.4	45.3	40.2
b. simply transformed	42.4	42.3	41.3	40.1
c. more elaborately transformed	12.0	12.3	13.4	19.7
2. The use of commodities /percentage of the total value/.				
	1934	1935	1936	1937
a. for production	57.5	57.0	57.8	54.0
b. oils and fats	0.5	1.0	1.3	0.7
c. fuel & electric power	21.0	18.5	16.5	19.0
d. machines & capital equipment	2.0	1.7	1.6	1.3
e. for direct consumption	19.0	21.8	22.8	25.0

It is easy to guess from this table that there was a steady shifting from crude materials to more elaborately transformed, from commodities used for production to the commodities destined for direct consumption.

The principal commodities of Polish export in this period are contained in the table 81.

As it concerns the particular items - the attention should be paid to the new commodity - hams in tins, rising sharply in the last years, while sugar was losing its former position.

Table 8I.

Principal commodities in Poland's export trade.

/In thous.tons and £ mill./.

		I932			I935			I938		
		Weight	value	% of total value	Weight	value	% of total value	Weight	val.	% of tot. val.
I. Coal	I0223									
I. Coal	I0223	8.4	I9.6	8906	5.2	I4.1	II669	8.7	I8.4	
2. Timber&wooden goods	I043	4.5	II.2	I73I	6.4	I6.5	I688	8.0	I7.0	
3. Ham in tins	.	.	.	4	0.4	I.2	I7	2.0	4.2	
4. Bacon	54	2.8	6.6	20	I.6	4.4	2I	I.9	4.0	
5. Barley	I46	I.0	2.4	285	I.3	3.8	238	I.6	3.4	
6. Pigs, live /thous.heads/	I93	0.8	I.8	I5I	0.6	I.6	266	I.6	3.4	
7. Eggs	37	2.3	5.3	23	I.I	3.0	29	I.6	3.3	
8. Iron & steel	54	0.6	I.3	I08	0.7	2.1	I57	I.4	3.0	
9. Butter	I	0.2	0.4	6	0.4	I.2	I3	I.3	2.7	
10. Zinc	78	I.4	3.3	59	0.9	2.4	39	I.0	2.2	
11. Textile goods garments	6	I.6	3.7	7	I.I	3.0	5	0.9	I.9	
12. Yarn, tops	5	I.4	3.3	2	0.6	I.7	2	0.7	I.4	
13. Rye	2I9	I.4	3.0	4I4	I.8	4.8	I08	0.6	I.3	
14. Flax & waste	7	0.2	0.4	I4	0.6	I.7	II	0.6	I.2	
15. Seeds	27	I.I	2.6	2I	0.7	2.1	I5	0.6	I.2	
16. Iron & steel sheets	I9	0.4	0.9	3I	0.4	I.2	43	0.6	I.2	
17. Peans, beans	49	0.6	I.3	33	0.4	I.2	38	0.6	I.0	
18. Sugar	I85	I.4	3.0	I07	0.5	I.4	85	0.6	I.0	
19. Fertilizers	89	0.4	0.9	I23	0.5	I.4	I22	0.5	I.0	
20. Railway rails	42	0.4	0.9	.	.	.	39	0.4	0.8	
				71.9					68.8	73.8

There are three distinct groups of commodities depending on their origin :

1/.Agricultural group with principal commodities - timber and wood,cereals and flours,beans and peas,malt,seeds,sugar,li-
ve animals,bristle,feather down,meat,meat preserves,ham and be-
con.Principal commodities of this group accounted on average
for about 50% of the total value of exports.Generally plant
products had almost the same share as the animal products,but
the latter showed a tendency to increase.

2/.Mining and founding group : coal,zinc,lead,iron and
steel products,petroleum - about 25%.

3/.Industrial group - textile goods,garments,fertilizers,
leather products,paper products,machines - about 7 - 10% of the
total value.

Many of the unaccounted articles belong to the industrial
group,being most heterogenous ~~and thus the most difficult to~~
^{I/}
~~be reflected by statistics.~~

The table 83 contains also the principal countries of de-
stination for the commodities representing about 70% of the to-
tal value of Poland's exports.

It seems therefore unnecessary to repeat this data,but it
is worth mentioning that the principal buyers in the agricultu-
ral group were : for plant production - Belgium,Denmark,UN.

Kingdom,for animal production - Un.Kingdom,Germany,USA,Austria

I/.E.g.The Polish-made locomotives were exported to French Mo-
rocco or Bulgaria,but this item is not specified in statistics.

for timber - Un.Kingdom, Germany, Netherlands, Belgium. In mining and foundries group - Sweden, France, Italy, Austria, Germany, Czechoslovakia. In industrial group - South African Union, China, Egypt, Bulgaria.

Table 82.
Coal exports in mill. tons.

	1932	1933	1934	1935	1936	1937
1. Central Europe /Austria, Hungary, Czechoslov. etc/	1.9	1.4	1.4	1.2	0.8	0.9
2. Scandinavia	5.4	4.4	3.4	3.3	3.3	3.6
3. Baltic countries	0.2	0.1	.	0.1	0.1	0.1
4. Western Europe	1.3	1.9	2.7	1.6	2.0	2.8
5. South Europe	0.9	1.1	1.9	1.6	1.2	1.8
6. Non-European markets	0.1	0.2	0.3	0.3	0.4	0.6
7. Bunker coal	0.3	0.3	0.4	0.6	0.7	1.2
8. Danzig	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>
	10.3	9.7	10.4	8.9	9.1	11.3

The exported coal amounted to 30-35% of the total production. There was a sharp competition with the British coal, particularly on the Scandinavian market. An agreement about the export quotas changed this situation after 1935 to the reciprocal profit.

Table 83.

Poland's export of certain commodities with data in respect of
the principal countries of destination/L mill./.

	1933	1935	1938
I. Timber & wooden goods	6	6.4	8
Un.Kingdom	2.4	2.5	2.9
Germany	0.8	1.1	2.0
Netherlands	0.7	0.6	0.6
Belgium	0.6	0.4	0.3
Palestine	0.1	0.2	0.1
Argentina	.	0.1	0.2

		1933	1935	1938
2. Ham, ham in tins		.	0.4	2.0
	USA	.	0.2	1.7
	Un. Kingdom	.	0.1	0.2
3. Bacon		2.7	1.5	1.9
	Un. Kingdom only			
4. Barley		0.7	1.3	1.6
	Belgium	0.4	0.9	0.9
	Un. Kingdom	.	0.1	.
5. Pigs, alive		0.5	0.6	1.6
	Austria	0.3	0.5	-
	Germany	0.1	0.1	1.5
6. Eggs		1.3	1.1	1.6
	Un. Kingdom	-	0.2	0.8
	Spain	0.2	0.2	0.1
	Germany	0.2	-	0.3
	Czechoslovakia	0.1	0.1	0.1
7. Textile goods, garments		1.3	1.1	0.9
	So. African Union	-	0.1	0.2
	Un. Kingdom	0.4	0.2	0.3
	China	0.1	0.1	0.1
8. Iron and steel		1.3	0.7	1.4
	Germany	0.1	0.2	0.3
	Argentina	-	0.1	0.2
9. Butter		0.2	0.4	1.3
	Un. Kingdom	-	0.3	0.9
	Germany	0.2	0.1	0.2
10. Zinc		1.2	0.9	1.0
	Germany	0.8	0.4	0.6
	Czechoslovakia	0.1	0.1	0.1
11. Yarn, tops		0.9	0.6	0.7
	Bulgaria	-	0.1	0.1
	Austria	0.1	0.1	-
	Czechoslovakia	0.1	0.1	0.1
12. Rye		1.6	1.8	0.6
	Denmark	0.2	0.2	0.1
	Belgium	0.2	0.1	0.1
	Germany	0.6	0.8	0.3
13. Seeds		1.1	0.7	0.6
	USA	0.1	0.1	0.2
	Germany	0.4	0.1	0.1
	Austria	0.1	0.1	-

		1933	1935	1938
I4. Flax and waste		0.1	0.6	0.6
	Czechoslovakia	0.1	0.4	0.1
	Belgium	.	0.1	0.1
I5. Iron and steel sheets		0.7	0.4	0.6
	Germany	0.2	0.2	0.2
	USSR	0.5	.	.
I6. Peas, beans		0.5	0.4	0.6
	Belgium	0.1	0.1	0.1
	Germany	0.2	0.1	0.1
	France	0.1	0.1	.
I7. Sugar		0.8	0.5	0.6
	Un. Kingdom	0.2	0.1	0.1
	Finland	0.1	0.1	0.1
I8. Fertilisers		0.4	0.5	0.5
	Czechoslovakia	0.1	0.1	0.1
	Germany	0.1	0.1	0.1
	Finland	-	0.1	0.1

§ 4. The dispersion of Poland's foreign trade.

The general data concerning the dispersion of Poland's foreign trade is in the table below:

Table 84.
Geographical distribution of Poland's foreign trade.

Year	% of 10 principal countries	Number of countries		Share of the principal country	Dispersion indices	
		for 50%	80%		A	B
I m p o r t s						
1932	72.6	5	13	20.1	35	798
1933	71.3	5	13	17.6	33	750
1934	68.6	5	15	15.2	31	691
1935	69.0	5	16	14.4	30	625
1936	67.0	6	17	14.2	30	675
1937	65.4	6	18	14.5	30	633
E x p o r t s						
1932	77.6	5	11	16.4	34	813
1933	77.8	5	11	19.2	36	899
1934	73.1	5	14	19.7	36	854
1935	73.1	5	13	19.6	35	826
1936	78.1	4	11	21.6	37	917
1937	76.2	5	13	18.3	34	804

The progress was made chiefly in the imports' as Poland had more freedom of action in this respect. The exports showed a certain backward movement after 1935, what was possibly caused by the development of Polish-German commercial relations and the end of the tariff war between these countries.

In order to give a proper comparison it is necessary to cite the data for other countries. In 1936 Poland was on the 7th place in respect of the dispersion of her import trade, on the 12th place - for export trade, among the trading nations of the world.^{I/}

The other way of illustrating the foreign trade of Poland is represented by tables, splitting the value of trade according to the parts of the world.

Table 85.

Poland's foreign trade according to the parts of the world.

		/percentage share of value/				
		Europe	Asia	Africa	America	Oceania
1928	imports %	78.5	2.1	0.8	17.8	0.8
	exports %	97.0	1.5	0.2	1.3	0.0
	+ or -					
	£ mill.	-3.7	-2.0	-0.5	-13.0	-0.6
1932	imports %	72.5	4.8	2.5	18.3	1.9
	exports %	94.0	2.2	1.0	1.5	0.0
	+ or -					
	£ mill	+16.0	-0.8	-0.5	-5.2	-0.7
1935	imports %	65.0	7.2	4.5	20.3	3.0
	exports %	86.0	4.0	2.0	7.6	0.0
	+ or -					
	£ mill	+8.0	-0.8	-1.1	-4.1	-1.0
1938	imports %	66.0	7.2	3.8	20.1	2.9
	exports %	85.6	3.2	2.2	9.5	0.0
	+ or -					
	£ mill	+6.0	-2.1	-1.1	-6.1	-1.3

I/Hickmann-Rieher. Statistisches Handbuch des deutschen und internationalen Aussenhandels .1937.

It is easy to guess from this table that the share of Europe was on the decline, while other parts of the world increased their share. The surplus of the imports over exports was drawn from Europe and spent in the other parts of the world.

The next table illustrates the same question still in a different way. It pays greater attention to the trade with Europe and eliminates the USA, playing a particular role in Polish imports.

Table 86. I/
Direction of trade and distribution of trade balance.

	Share of Poland's imports		Share of Poland's exports		Balance of trade in new gold dollars	
	1928	%	1938	1928%	1928	1938
1. Germany & Austria	34		23	46	+ 9	- 3
2. Un. Kingdom	9		11	9	-17	+13
3. Other European industrial countries	27		22	26	-49	+15
4. Rest of Europe	6		9	14	+27	+ 9
5. USA	14		12	1	-85	-18
6. Rest of world	10		23	4	<u>-47</u>	<u>-38</u>
					-162	- 22

As it concerns the share of particular countries in Poland's foreign trade the table 87 contains the data in this respect ^{2/}:

It seems unnecessary to give any further analysis of this data, as it was done in the preceding tables. But there were some explanatory remarks to be made in respect to the changes of the few last years.

I/ Europe's Trade. League of Nations. 1941.
2/. Appendix No 5 contains data for 1927-1938.

Table 87.
Imports and exports, by principal countries.

		1935			1938		
		Import % of tot value	Export % of tot value	Balance -or- £mill.	Import % of tot value	Export % of tot value	Balance -or- £mill.
1. Germany	.....	14.4	15.1	+ 0.64	23.0	24.1	-0.53
2. Austria	.....	4.8	6.4	+ 0.73	-	-	-
3. Belgium	.....	3.0	6.2	+ 0.24	4.1	4.8	+0.15
4. Denmark	.....	1.2	3.0	+ 0.7	0.8	1.4	+0.22
5. Finland	.....	.	.	.	0.2	1.8	+0.75
6. France	.....	4.9	3.5	- 0.37	3.6	3.8	-0.06
7. Hungary	.....	0.5	0.5	-	0.6	0.7	+0.02
8. Irish Free State	.....	-	0.3	+ 0.01	-	0.1	-0.04
9. Italy	.....	3.0	3.2	+ 0.16	2.6	5.5	+1.3
10. Latvia	.....	0.1	0.8	+ 0.25	0.1	0.3	+0.09
11. Norway	.....	.	.	.	1.4	1.7	+0.06
12. Netherlands	.....	3.3	3.8	+ 0.28	2.8	4.5	+0.7
13. Roumania	.....	0.6	0.8	+ 0.1	0.8	0.7	-0.1
14. United Kingdom	.....	13.6	19.6	+ 2.5	11.4	18.2	+2.7
15. Sweden	.....	2.3	5.4	+ 1.2	3.5	6.0	+1.04
16. Switzerland	.....	2.8	1.4	- 0.4	2.1	2.0	-0.1
17. Czechoslovakia	.....	4.1	5.7	+ 0.7	3.1	3.6	+0.1
18. USSR	.....	1.7	1.2	- 0.01	0.8	0.1	-0.3
19. China	.....	0.4	0.8	+ 0.16	0.3	0.3	-0.01
20. British India	.....	3.7	0.6	+ 1.0	3.2	0.8	-1.24
21. Netherl. India	.....	.	.	.	1.5	0.2	-0.7
22. Japan	.....	0.2	0.5	+ 0.1	0.2	0.3	+0.04
23. Australia	.....	2.3	0.1	- 0.8	2.1	0.1	-1.1
24. Egypt	.....	.	.	.	1.3	0.6	-0.4
25. Argentine	.....	1.9	1.4	- 0.13	2.8	1.9	-0.6
26. Brazil	.....	.	.	.	1.3	0.5	-0.4
27. Canada	.....	0.2	0.5	+ 0.12	0.5	0.1	-0.18
28. USA	.....	14.8	4.7	- 3.2	12.2	5.3	-3.8
29. Other countries	.....	16.7	14.7		13.7	10.6	
				+ 2.5			-4.6

First of all is the increase of the German share. Comment has already been made regarding the influence on the volume of Polish -German trade by the end of the tariff war in 1935. The figures illustrate this clearly. On the other hand it is worth remembering a sort of commercial blackmail on the part of Germany in refusing to pay for the transit otherwise than in kind. The increase is not so remarkable after the deduction of the Austrian share in 1938.

Secondly it is possible to notice that several new countries make their appearance in the statistics after 1935. This circumstance is one proof more of the increasing dispersion of Polish trade and its tendency to deal directly with the overseas countries. At last - the balance of trade showed a certain constant tendency towards excess of imports or vice versa in respect of a particular country, but at a diminishing rate on the whole.

The relations with the overseas countries were encouraged by the development of the sea-borne trade. The following table illustrates this question.

Table 88.

Percentage of Poland's foreign trade carried on by sea.

Year	Total weight in mill. tons	<u>I. Percentage of the total weight.</u>		
		Through land frontiers %	Through Danzig %	ports Gdynia %
1928	25.6	59.7	32.7	7.6
1929	26.1	57.7	32.2	10.1
1930	22.5	49.6	35.8	14.6
1931	21.6	39.1	37.4	23.5
1932	15.3	32.2	35.8	32.3
1933	15.3	30.7	32.3	37.0
1934	17.1	27.5	32.9	39.6
1935	16.0	28.7	28.9	44.4
1936	16.0	22.8	30.9	46.3
1937	18.7	22.1	31.7	46.2
1938	18.9	22.3	31.6	46.1

2. Percentage of the total value.

Year	Imports & exports by sea, together	via Danzig		via Gdynia	
		imports	exports	imports	exports
1930	28.2	21.2	25.3	3.7	6.0
1931	33.6	17.9	25.1	7.2	15.1
1932	42.2	20.7	27.0	15.5	20.0
1935	62.6	9.0	30.1	52.3	33.6
1936	65.3	7.1	29.8	57.6	33.6
1937	65.8	8.0	26.4	57.5	36.1
1938	62M7	7.5	23.5	53.8	40.9

3. Average value of one ton of goods in £.

Year	I m p o r t s			E x p o r t s		
	Danzig	Gdynia	Land	Danzig	Gdynia	Land
1928	12.14	6.16	16.8	2.0	0.13	3.12
1932	20.1	15.6	19.18	2.4	1.18	5.19
1936	9.18	19.16	10.00	2.14	2.6	5.19
1938	4.14	21.4	17.00	2.2	2.12	5.10

Generally speaking, the development of the sea-borne trade resulted in the economies in Poland's balance of payment, estimated at circa £ 100 mill. in the period of 1922-1935.

The last table illustrates the problem of the relative importance of Poland as a customer for the countries with whom she maintained commercial relations.

Table 89.

Poland's percentage share in the foreign trade of certain countries

Country	Imports from Poland			Exports to Poland		
	1928	1935	1938	1928	1935	1938
Austria	9.3	6.3	-	5.5	4.0	4.4
Belgium	0.8	1.8	1.2	0.5	1.0	1.4
Czechoslovakia	6.6	3.7	.	4.0	3.3	.
Denmark	1.6	2.0	1.0	1.2	0.6	0.6
Estonia	4.8	1.8	.	0.7	0.8	.
Finland	1.2	2.5	2.7	0.2	0.2	0.5
France	0.4	0.7	0.9	0.8	0.8	1.2
Germany	2.6	1.8	2.1	4.1	1.5	2.2
Hungary	4.1	0.9	1.5	3.3	0.8	1.0
Italy	0.6	1.5	2.8	0.9	1.5	1.1
Latvia	7.9	2.4	1.4	3.2	0.5	0.3
Lithuania	8.7	0.1	.	0.1	0.8	0.1
Netherlands	1.0	1.3	1.5	1.1	1.2	1.3
Norway	1.4	2.2	1.9	0.6	1.0	1.4
Roumania	4.8	1.9	1.0	7.1	1.0	1.2
Sweden	1.7	3.1	3.5	1.3	1.1	2.1
Switzerland	0.8	1.3	1.6	2.3	1.7	1.7
United Kingdom	0.5	1.0	1.0	0.7	0.9	1.1
USSR	1.0	1.1	.	1.8	0.9	.

From these examples it is possible to guess that generally Poland's share was oscillating, with few exceptions, between 1-3%. This circumstance seems to be rather unfavourable from the point of view of the bargaining power of Poland, whose share was, as a rule, deprived of a decisive importance for the co-partner in trade.

CHAPTER XVI. THE TRADE WITH GREAT BRITAIN.

§ I. The turnover of goods.

The table below contains general data, concerning the Polish British trade.

Table 90.
The volume of the trade and the share of Great Britain
in Poland's foreign trade.

year	Import into Poland value in £ mill.	% of the to- tal value of imports	Export from Poland value in £ mill	% of the to- tal value of exports	Balance - or - £ mill.
1932	3.0	8.7	7.1	16.4	- 4.0
1933	3.4	10.0	7.4	19.2	- 4.0
1934	3.4	10.8	7.7	19.7	- 4.3
1935	4.7	13.6	7.2	19.6	- 2.5
1936	5.7	14.1	8.8	21.6	- 3.1
1937	6.0	11.9	8.8	18.3	- 2.8
1938	5.9	11.4	8.6	18.2	- 2.7

Both imports and exports showed a steady tendency to increase, the unfavourable balance of trade for Great Britain being ^{the} on/decline. The percentage share after attaining its peak in 1936, when Britain surpassed Germany in Polish trade, was on the decline in 1937 and 1938. This circumstance proves that Britain did not take full advantage from the expansion of Polish foreign trade in the last few years and that the end of the Polish-German tariff war strengthened greatly the competitive power of Germany on the Polish market, together with their clearing methods of payment of other sums due, as for transit.

The principal obstacles, cited in the previous parts, remained in force, although gradually lessened. British firms still had to undergo losses by improper choice of Polish agents and

traders to deal with /reports of Mr. Jerram, British commercial secretary in Warsaw/ although this could have been avoided by using the help of Polish and British commercial chambers, or other semi-official bodies.

The other serious obstacle was created by the fact that the British goods were often of a semi-luxury character, the imports of which were against the general trend of Polish trade policy. On the other hand the statistical decrease of British share was caused also by the development of Polish overseas trade and the increase of direct transactions with the British dominions and colonies. It is useful therefore to glance at the table 92 , containing the data about Poland's trade with the British Empire

As it concerns the credit question , so difficult previously, it was eased by the activity of the Export Credits Guarantee Department.

Among the credit transactions which encouraged British exports into Poland one can cite the following:

1/. The contract between the Polish Post Office as a State enterprise and Messrs. Telephone & General Trust Ltd. for the credit of £ 550.000 in order to carry out the automatic working of the telephone systems. About £ 250.000 worth goods were to be imported, Several other supplementary contracts followed this one.

2/. In August 1933 Messrs. English Electric Export Co. Ltd. & The Metropolitan Vickers Electrical Export Co Ltd. concluded a contract with the Polish State Railways for the electrification

of the Warsaw Main Railway Junction. It comprised the electrification of more than 225 miles of track and the delivery of rolling stock. The credits amounted to about £ 2 Mill., of which goods credits - £ 1.5 mill., thus involving the imports of considerable quantities of British products.

3/. The installation of compressed-air brakes on goods wagons. A contract for this purpose was concluded by Messrs. Westinghouse Brake & Saxby Signal Co Ltd. with the Polish State Railways for delivery and installation for a total amount of £ 4.8 mill.

The following table gives the data in respect of the principal commodities in the trade between Great Britain and Poland.

Table 9I.

Poland's trade with United Kingdom with data in respect of the principal commodities./Value in £ mill/.

Article	1934 Imports to Poland	1935	1938
Total value	3.4	4.7	5.9
Machines, apparatus electric equipment	0.36	0.49	0.97
Wool & waste	0.54	0.58	0.74
Herrings	0.42	0.48	0.66
Means of transport	0.11	0.49	0.43
Yarn, tops	0.24	0.27	0.45
Rags	0.11	0.17	0.32
Raw furs	0.25	0.27	0.20
Textile goods, garments	0.15	0.19	0.29
Chemical & pharmaceutical products, paints	0.19	0.20	0.18
Dressed hides & skins	0.14	0.13	0.19
Scrap-iron	0.16	0.12	0.14
Nickel	.	0.10	0.11
Tyres	.	0.10	0.11

Article	Export from Poland		
	1934	1935	1938
Total value	7.7	7.2	8.6
Timber and wooden goods	3.06	2.5	2.9
Meat	2.23	1.86	2.1
/of which becon/	/1.87/	/1.66/	/1.9/
Butter	0.16	0.33	0.94
Eggs	0.45	0.55	0.85
Hams, hams in tins	0.21	0.12	0.23
Chemical products, paints	.	0.10	0.11
Sugar	0.08	0.07	0.08
Textile goods, garments	0.28	0.23	0.08
Flour, wheaten & rye	0.11	0.19	0.05
Bristles	.	0.06	0.08
Starch	.	.	0.07

The data of this table concern thus about 90-97% of the total value of imports and 80-90% of exports.

They do not show any substantial changes or divergencies from the general trend of Polish foreign trade.

§ 2. New legal bases of Polish-British commercial relations.

The well-known changes in the foreign trade regulations which took place both in Great Britain and in Poland after 1931, made it necessary to put the commercial relations on the footing of specified bilateral concessions rather than on the basis of a general convention. Thus, after some years of granting reciprocally by both countries to each other import quotas in the way of casual understanding, an agreement was concluded in order to give the framework for the new methods of trading. It is described below :

Agreement of February 27, 1935.

The commercial agreement concluded between the United Kingdom and Poland on February 27, 1935, came into operation at first provisionally, pending ratification, on March 14, 1935. The agree-

ment was based upon the principle of bilateral concessions.

The principal provisions of the agreement were : 1/ sui generis adapted to the new conditions most-favoured-nation clause for British goods, imported to Poland, and the obligation to allocate for them adequate import quotas, 2/ the treatment on equal footing of imported articles by both Parties in respect of the internal duties, 3/ the United Kingdom undertook to allot to Poland an equitable share of permitted foreign imports having regard to the past supplies, but not less than specified minima, 4/ the specified reductions of import duties, 5/ the British shipping companies engaged in the carriage of Polish emigrants were to be treated in the same way as Polish enterprises. This privilege was reciprocally granted by the United Kingdom to Polish shipping companies.

Ad. I. As long as the balance of trade with the United Kingdom and Crown Colonies remained favourable Poland undertook not to enforce any regulations concerning the compensation trade in respect of the goods originating from these territories and to accord them the lowest rate of duty accorded to goods imported from any other country and independently of any conditions regarding compensation trade. The Polish Government had adequate import quotas for the said goods.

Ad. 2. Both Parties undertook to avoid any discrimination in respect of their articles in imposing any internal duties or charges. In no case should such duties be more burdensome than the duties levied in similar circumstances on the like goods of

any other foreign country. Motor vehicles should enjoy the same treatment as national ones in respect to license fees, registration, etc.

Ad. 3. The Government of United Kingdom should regulate quantities of agricultural produce of Polish origin only in connection with the effective operation of marketing schemes. In such cases quotas allocated to Poland were to be made on the same basis as for other countries taking into account the past supplies as well as the total increase of imports if any.

The minimal quotas were established as follows : a/ for bacon 41.4% of the quantity imported from Poland to United Kingdom in 1932, b/ for eggs - at least 13.5% of the total import quota of eggs, c/ butter imports would be not regulated so long as they do not exceed the imports of butter from Poland to Britain in 1929 and 1.8% of the total import of butter to United Kingdom. In the case of regulation the data for 1932 and 1933 would not be taken into account as unusually low.

If any British colony or protectorate applied the quantitative regulation - the equitable share in quotas would be allocated for Poland.

Ad. 4. There were enclosed to this agreement 3 schedules of import duties. First schedule contained nearly 400 items with the articles of United Kingdom origin. The reductions of duties were very appreciable, in some cases amounting to 10% of the conventional rates of the Polish tariff. The duties were calculated per 100kg. Owing to the large number of items it is necessary to li-

mit their enumeration to some examples. For instance foodstuff group : herrings fresh - 9d, ~~salt~~ herrings salted per barrel - 10s, porter - £ 1.4, other items were marmalade, mustard, jams, whisky.

There was a large group of crude chemicals and chemical products.

The textile group was composed of wool tops, yarns, wool, cotton, woollen tissues, cotton fabrics. Other groups were that of rubber products, paper articles, semi-base metals, machinery, apparatus, domestic appliances, means of transport, fancy goods.

The second schedule, applied to United Kingdom, British colonies and protectorates, contained few items as Trinidad asphalt, colouring extracts, sisal.

The third schedule contained the articles of Polish origin imported to the United Kingdom. There were about 40 items, mostly timber and wood, bacon, hams, butter, eggs, tinned meat, cereals, poultry. Some categories of timber and wood, bacon, ham were free, the rate of duty for other was 10 - 20% ad valorem with few exceptions of specific duties as e.g. butter, eggs.

There were concluded afterwards several other additional agreements mostly concerning particular quotas or tariff reductions. They are to be found in Appendix No. 8.

§ 3. The trade with British Empire.

The steady and from the Polish point of view, big surplus of exports over imports on favour of Poland wants some additional explanation as to how it was spent. What country did Britain

finance by the intermediary of Poland ? In order to avoid misunderstandings in this respect it seems useful to study the data of the table below .This table has been compiled in order to illustrate the commercial relations of Poland with the British Empire.

Table 92.

<u>The value of the trade between the British Empire and Poland ./In £ mill./.</u>						
	1928		1935		1938	
	import	export	import	export	import	export
Un.Kingdom	7.4	5.2	4.7	7.2	5.9	8.6
Canada	0.2	-	0.06	0.2	0.24	0.06
Australia	0.5	-	0.79	0.02	1.11	0.02
New Zealand	-	-	0.16	-	0.31	-
So.Afr.Union	0.06	0.06	0.24	0.2	0.34	0.2
Irish Fr.State	-	-	-	0.01	-	0.04
British	2.5	0.04	1.27	0.23	1.65	0.37
British Malaya	.	.	0.07	0.02	0.43	0.04
Palestine	-	-	0.16	0.57	0.28	0.35
	10.66	5.3	8.45	8.45	10.26	9.68
% of the total value of Poland's imports or exports	13.3	9	24.5	23.0	20.0	20.3
Excess of exports over imports + that of imports -		- 5.36		0.0		- 0.58
Egypt	0.3	0.06	0.62	0.2	0.7	0.3
% of the total value of Poland's imports and exports Egypt included	13.6	9	26.3	25.1	21.1	21.0
The same for Germany	26.9	34.2	14.4	15.1	18.2	17.7
Excess of exports over imports - that of imports -		- 5.60		- 0.60		- 0.98

The data for the German share in Poland's trade in 1938 was calculated by deducting the percentage share of Austria as it was in 1935.

There were not included data concerning several colonies

and dependencies of the British Empire as British West Africa, Cyprus etc. These parts of the British Empire had mostly very favourable balance of trade with Poland. E.g. the value of cocoa imported from the Gold Coast to Poland in 1935 amounted to £ 160 thousands, while Polish exports there were practically non-existent.

The above table proves clearly that the surplus, originating from the trade with Great Britain, was spent within the British Empire. On the other hand, when speaking about the British Empire as a whole, her share in Poland's foreign trade put her on the first place, among the countries, trading with Poland.

CHAPTER XVII. AN ESTIMATE OF THE FOREIGN TRADE POLICY OF THE ----- THE THIRD PERIOD. -----

All the essential features of the foreign trade policy and its achievements were described in the four preceding chapters.

Now, it seems useful to give an estimate of this policy as a whole. Although such an estimate ~~can~~ always runs the risk of repetition but it counter-balance this risk by the value of the representation of a given phenomenon in a compact way without the overburden of proofs and documentation and statistical data.

The essential aims of foreign trade policy remained the same as previously : 1/ the structural economic aim - the industrialization of Poland, 2/ the political economic aim - the economic independence of Poland from Germany. Both of them were largely explained in parts II and III. These essential aims were accom-

panied by several other, dictated by the necessities of the moment. The most important of these were : 1/the defence of Polish currency, 2/increase of the share of more elaborately transformed products in the exports and of raw materials and machinery in the imports, 3/the development of the sea-borne trade, 4/the better dispersion.

Naturally these secondary aims are, with exception of the first, the interconnected fractions of principal aims. E.g. the trend to change the structure of exports is the special form of helping the industrialization of the country. But they were striven for in separate ways by distinctly different means and the achievements in respect of them were possible & perceivable. It seems therefore justified to put them forward separately too.

The burden of the defence of the Polish currency was imposed to a large extent upon the foreign trade policy. It had to keep the balance of trade favourable in order to cover the demand for foreign currency in respect of imports and to the repayment of interests and withdrawals of foreign credits.

This was done by imposing the quantitative system of foreign trade regulation instead of the control of foreign exchange.

Naturally, this shrinkage of imports was against the essential aim - industrialization. The imports of raw materials for national industries as well as the capital equipment for them shrank remarkably. E.g. import of raw cotton ~~from 1276.000 tons~~ ^{from} 1276.000 tons /1928/ to 51.000 /1932/, machinery from 82.000 tons to

9.000. But it corresponded to the other conditions - the shrinkage of internal consumption power, the impossibility of expanding exports. Thus, the industrialization as a positive economic striving was overshadowed by the temporary needs of the country, haunted by deep economic depression. The first need was to fight the unemployment. This had to be /in the field of foreign trade policy/ by limiting the imports of finished goods. The percentage share in the total value of imports of the group of foodstuffs and other consumers' goods was reduced from 37.4% in 1932 to 24.7% in 1937. The average value of an imported ton in 1927 was to the average value of one ton of imports in 1937 as 362 : 300^{I/}

At the same time the policy of encouraging exports was expanded. The generally introduced quota system opposed any expansion in the volume of Polish exports. Thus the efforts were concentrated upon the shifting of exports from raw materials to the more elaborately transformed goods. In this way the same unit of value of exports had to contain more national labour, thus increasing the national employment. This emergency measure was at the same time very important from the structural point of view. It was carried out by export duties forcing the exporters to standardize their exports. A good example is given by the meat exports.

The export of live pigs was to a large extent replaced by the export of bacon and tinned hams, thus securing not only higher price for breeders, but also giving a basis for new branches

I/. The averages weighted by index of wholesale prices.

of industry. This trend was expressed in the increased percentage of goods more elaborately transformed in the total value of exports. /In 1934 - 12% of the total value, in 1937 - 19.7%/. The average value of an exported ton in 1927 was to the average value of one ton of exports in 1937 as 62 : 80.^{I/}

After the end of the economic depression, from 1935, there was possible the renewed expansion of industry, which was immediately reflected in trade policy. The imports of not only raw materials but of the machines for industry were given priority. When the foreign credits were granted, the favourable balance of trade was abandoned for the sake of developing national industries by providing them with capital equipment and raw materials. Thus the balance of trade showed in 1936 a small surplus of £ 1 mill., in 1937 - a debit of £ 2 mill., in 1938 - a debit of £ 4.6 mill. The

The sea-borne trade was encouraged among other things by the preferential customs duties. The shifting of the foreign trade on the sea route from the point of view of foreign trade policy was of twofold importance:

1/By directing Polish foreign trade through Polish ports and thus helping the development of ports, port trade and shipping a good deal of services were given by its own nationals. In this way some positions of the balance of payment were reduced, thus relieving the strain upon the balance of trade as a principal source of the surplus of foreign currencies.

2/.By liberating Polish trade from the influence of foreign middlemen and shipowners made it possible to fight for new

markets against the odds of private indirect protectionism.

The results achieved in this respect were excellent. In 1931 - 50.4% of total weight of Polish foreign trade /imports and exports together/ and 28.2% of its total value were conveyed through Polish ports, while the respective data for 1938 is 77.7% and 62.7%.

As regards the dispersion of the trade the essential part was played in this respect by the tariff war with Germany. This fact forced Poland to begin energetic action in order to improve the dispersion of foreign trade. These efforts lasted throughout the second period. As an aim there was admitted the replacement of Germany by Great Britain. The introduction of agricultural schemes and quotas after the 1931 events interrupted the development in this respect. But afterwards this trend regained in strength. Owing to this essential shifting of her foreign trade Poland was able to make herself independent from Germany, to put her commercial relations with this latter on an equal footing. The cited Polish-German convention of 1935 is the best proof of this.

The development of the trade with Great Britain in the second and third period enabled Poland to carry on her trade with non-European countries. At the same time above mentioned incentive for the sea-borne trade as well as the development of ports and Polish merchant fleet helped the commercial relations with overseas countries.

The introduction of the control of exchange by several countries and at last by Poland was also of some significance.

This factor, incidentally, influenced all Polish foreign trade. There was a strong differentiation between the goods, originating from "free" and "clearing" countries. E.g. the cotton yarn was produced in Poland from raw cotton imported from "free" USA. It was then very risky and unwise to export cotton yarn to Germany as the payment was made in "frozen" marks, while Poland had to give away precious "free" dollars. In such transactions Poland could lose her stock of foreign currency on behalf of an other country without proper reward. Therefore it was necessary to be very cautious while trading with the "clearing" countries and to choose carefully and to segregate the articles to be sold. Thus, there existed a lasting incentive to maintain the relations with as many countries as possible with preference for the countries with "free" exchange.

The efforts in respect of dispersion proved fruitful: in 1925 the dispersion index A for imports was 46, for exports - 54, in 1931 respective numbers were 39 and 35, in 1937 - 30 and 34.

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XXXXXXXXXXXXXXXXXXXX

SUMMARY AND CONCLUSIONS.

For the reasons stated above there was inserted at the end of each part a short summary, containing an estimate of the trade policy in a given period.

Now it seems useful to give a general summary in order to get a full picture of the subject treated. Such a summary based on the data, cited previously, but free from the burden of documentation can form a far clearer synthesis as well as facilitate the proper understanding of the essential features and tendencies of Poland's foreign trade, and thus serve as a basis for the final conclusions to be drawn.

Historical outline.

There were discerned three periods in the foreign trade of Poland in 1918-1939:

- 1/The reconstruction period./1918 - 1924/.
- 2/The proprosperity period. /1924 - 1931/.
- 3/The controlled trade period./1931 - 1939/.

These periods were not completely uniform and their names derive rather from the most important features and phenomena of a given period than from their exclusive character.

They are all connected with each other by two crises. The first was of an internal character, resulting from the struggle of Poland's economy for a stable currency, the second being the reflex of the world depression in Polish economic life.

The beginning of the first period was marked by the difficulties and peculiarities, almost impossible to be understood by a citizen of an old, well organized and prosperous country.

Before 1914 the territory of Poland such as it was in 1921 was divided between Germany, Russia and Austria.

The Western, the German part of Poland had a character of an exclusively agricultural, well equipped country complementary to industrial Germany. The Upper Silesia region was apart, interconnected directly with Germany proper.

Polish provinces under Russian rule were also of an agricultural character, but their exploitation was of a far lower degree, lacking the transport facilities and capital investments. The country was poorly equipped owing to the political philosophy of Russian rulers, who disliked the independent mind of the Polish population and treated Poland as a potential battlefield. The agricultural overpopulation was felt acutely. Nevertheless the spirit of enterprise and short periods of relative independence in XIX century created bases for the development of industries in Central Poland. There was a strong textile industry /its centre in Łódź having circa 1.2 mill. of spindles/, metallurgical industry and coal mining in region, neighbouring with Upper Silesia and well established production of high class consumers' goods /confectionery, haberdashery, shoemaking etc./. They exported mostly to the Russian market and imported from there many raw materials such as cotton, iron ore etc.

The Southern part of Poland, under the Austrian regime, was in the most difficult economic conditions, enjoying the best poli-

tical rights. With few exceptions such as rock-salt and oil mining it was an agricultural country, strongly overpopulated. Austrian rulers consciously hampered any industrial development in order to defend the interests of industrial areas in the provinces of Austria and Bohemia.

Generally speaking, a Polish economic unit was almost non-existent in practice before 1914. The parts of Poland under different political regimes, were interconnected economically with their respective political centres, while the reciprocal economic relations between these parts were weak. The prevailing features were these of an overpopulated agricultural country.

The share of each part in Poland's entity from 1921 is illustrated by the following data :

	Russian regime	German regime	Austrian regime
% of the total area/1921/	68	12	20
% of the total population of this area in 1900-1910	58	13.5	28.5
% of the national wealth in 1911-1913	57	21	22

The war devastation after 1918 reached a scope and degree for which it is difficult to find a comparison in our times, present war excepted. Not only the direct war action /e.g. more than million of houses burned out/ but also the cold-blooded robbery of Polish industry I/ and natural resources by the German occupants destroyed Poland's economic life on the eve of -----
I/.100,000 tons of factory equipment removed to Germany from Central Poland. The losses of the industry of this latter through German activity were estimated at circa £ 500 mill.

resurrection. The forcible evacuation to Russia of many millions of Poles left afterwards without any means of subsistence, the three years of starvation under the German rule caused a serious loss of circa 4 million inhabitants from the total number of 30 millions. At the same time, notwithstanding the Peace Treaties which granted her independence Poland was bound to fight for it in the West and in the East. The war for Poland lasted two years longer.

It was necessary together with the reconstruction to carry out the unification tasks, by no means easy owing to the differences between three former rulers of Poland and the complete lack of State apparatus and experienced personnel.

Thus the start was rather handicapped.

These initial difficulties had an essential influence on Poland's foreign trade. For the first few years exports practically did not exist. The Government had to forbid them in order to prevent the scarcity of essential articles in the country. At the same time it was necessary to import almost everything. Agricultural Poland had to import e.g. some 1/2 mill. of tons of corn still in 1921. These imports were to be done by the Government and the relief organisations. All these circumstances made necessary the strict control of foreign trade. There were issued by the State the permits for imports and exports.

The swift restoration of agriculture, attaining in 1921/1922 the pre-war level, eased much the situation. The burdensome imports of food could be stopped and the old established articles of an

agricultural export were again available for Poland's foreign trade.

The depreciation of Polish currency and monetary inflation were a powerful stimuli to the exports, creating a typical depreciation premium. But at the same time they hampered normal revival of Poland's economy. Reasonable calculation was impossible and the tightness of money limited economic expansion.

Nevertheless, the economic activity was quickly restored. In 1921 exports constituted only 10.5% of the value of imports, while in 1923 they surpassed these latter reaching the sum of £ 48 mil. This quick recovery proves that Polish economic unit, virtually destroyed by the partitions, preserved her potential existence.

The principal articles of Poland's foreign trade remained the same. Poland exported timber, cereals, sugar, live-stock, rock-oil, textiles, some metallurgical products, - imported machinery semi-base metals, iron ore, cotton and wool, fats and oils, chemicals, apparel. The incorporation of the part of Upper Silesia solved her difficulties in supply of coal and added two new export items - coal and zinc.

From the point of view of the geographical distribution of the trade essential changes took place. The most important of these was the closing down of the Russian market. The industries of Central Poland were deprived of their best customer and the source of raw materials. They were bound to readjust their production to new, internal and external markets and to look after new suppliers of raw materials, which was an easier task.

The policy of industrial protectionism was initiated by changing respectively the old Russian tariff designed to protect the raw materials and semi-manufactured goods.

The new interest arose for the relations with Western Europe and overseas countries. But there were essential obstacles. Germany held from pre-war time a semi-monopolistic position in Poland's foreign trade, in most cases acting as agent for Western Europe, Great Britain inclusive. These countries lacked the knowledge of Polish markets and were unwilling to deal with new customers. The most conservative in this respect proved to be Great Britain, as it is easy to guess from reports of her commercial diplomatic representatives at Warsaw. On the other hand Poland lacked an old established and reliable foreign trade and this profession was overcrowded by many irresponsible traders, who caused at the very beginning irreparable damage to Poland's credit.

The willingness to deal with Great Britain instead of Germany was increased owing to the open hostility shown by Germany from the first months. Germany imposed an export embargo on her industrial products /such as electrical equipment/ thus hoping to make impossible the reconstruction of Poland. These hopes were left unfulfilled and the embargo induced the creation of many new branches of industry in Poland, as electrical engineering.

The dispersion of trade was very unfavourable, Germany's share was still in 1923 43.6% of the total value of Poland's imports and 50.6% of exports. At that time the share of Great Bri -

tain fluctuated at 7-8%.

The monetary and public finance reform was carried out in April, 1924. The new currency - zloty, *al pari* of Swiss franc, was introduced. It was not at all successful. The costs of production rising in 1922 and 1923 caused the inauguration of a new trade policy. The Government wanted to keep industrial prices down by allowing big imports of consumers' goods and thus influencing the cost of living and forcing the national industries to compete. At the same time it limited agricultural exports. The quantitative control of foreign trade was practically abolished. This policy was much criticised as one of the causes of the collapse of the zloty in 1925-1926. This collapse was followed by the reinforcement of protectionism, essentially by the increase of duties and the prohibitions of importing luxury goods. There were also other prohibitions, concerning German goods. They resulted from a very important fact - the outbreak of the Polish-German tariff war in 1925. In this year elapsed the 3-year period of free import of coal from Polish Upper Silesia. Germany chose this moment to make Poland her economic hinterland, as in XVIII cent. The German claims resulting in practice in industrial and trade monopoly of Poland were rejected, just as in 1823. And similarly as in 1823 the burden of this war was to be felt by Polish agriculture, its best customer of rye and live-stock being lost.

I/ There were several semi-political claims as to stop the agrarian reform in respect to German big landowners, to grant facilities for future German settlers in Poland.

At the critical moment Polish coal industry was helped by the British coal strike which opened to Poland new export outlets, replacing the lost Germany market.

Meantime the currency crisis was mastered with help of foreign credits. These latter flowing in increased volume permitted the industries to expand. This industrial expansion, to a large extent induced by the tariff war with Germany, resulted in big imports of means of production, raw materials and even consumers' goods. These latter because of the increased purchasing power of the population. There was a surplus of imports over exports reaching in 1928 £ 19.8 mill., total value of imports being £ 77 mill. The period of general prosperity was characterized by a liberal foreign trade policy. The exchange restrictions and import prohibitions were abolished, except for German goods. But the fall of the world agricultural prices and the following world economic depression forced Poland to restrict her imports and to encourage her exports. Being a debtor country Poland could not afford an unfavourable balance of trade with her foreign credits not only stopped but even partially withdrawn. The large expansion of exports was out of question because of the general import restrictions. The fall of the pound in 1931 and the introduction of quotas by Great Britain were particularly painful for Poland, Great Britain being a principal source of her favourable balance of trade. Thus, after 1931 it was necessary to abandon hope that the foreign trade restrictions were of a temporary character and to build a new trade policy on the bases of bilateral concessions

and quantitative regulations.

During this second period three important phenomena ought to be emphasised :

1/The partial replacement of Germany by Great Britain in Poland's foreign trade, to a larger extent in exports. Germany's share had fallen to 25,7% in 1930 from 50.6% in 1923, while British share rose from circa 7% up to 12%. The losses in export of live-stock to Germany were replaced by the export of bacon to Great Britain.

2/The development of the Polish port Gdynia. Its ship traffic from almost nil in 1923 increased to 2.6 mill. tons in 1931.

3/.The organization of exports by the system of export duties and the refund of customs duties. A good example of the progress in handling foreign trade questions is to be found in the corn trade. Until 1930 Poland in years of better crops exported the surplus of cereals, importing them in the years of worse ~~x~~ crops. Often this was done in one year. This practice was stopped by the activity of the State Corn Establishments buying up the surplus and storing the part required as a reserve for the period of bad crops. In this way the corn imports were eliminated.

During 1931-1934 there was a severe struggle with the economic crisis. The essential structural drawback - the agricultural overpopulation hampered greatly the revival efforts.

The decision of keeping a stable currency having been taken, the foreign trade policy was devised in such a manner as to avoid the insolvency towards foreign debtors, who refused to buy

I/
as USA, but were anxious to get back their money. In 1929-1935 Polish business life repaid in the way of redemption more than 30% of the total sums advanced in 1929. Together with State debts service the transfers on account of foreign indebtedness amounted in 1929-1935 to the sum of £ 170 mill., total indebtedness of private economy amounting in 1936 up to £ 152 mill.

When the internal situation began to improve and the industrial assets became liquid the withdrawal of these types of credits was increased. This pressure on Poland's balance of payments, the decrease of ~~the~~ all principal assets of this latter - balance of trade, emigrants' transfers and transit dues, together with the crisis of the "gold block/ currency at the beginning of 1936 forced Poland to introduce the control of the foreign exchange.

The volume of the foreign trade stabilized in 1932-1934 began to rise after 1934 closing ~~the~~ gap between exports and imports.

As mentioned above the quantitative regulation of the foreign trade replaced the former means. The first Polish tariff introduced in 1933 had therefore limited importance, as the commercial conventions were in practice replaced by bilateral agreements in accordance with the general tendency in Europe.

The foreign exchange control introduced by many countries resulted in new classification of the trade transactions. It was necessary to pay great attention to the "frozen" and "free" transactions. It would be unsafe and unwise to export e.g. the

I/. The balance of trade between USA and Poland was all the time in favour of USA, the surplus varying from £ 3 -17 mill.

yarn made from USA cotton to Germany.

Generally the "clearing" countries accounted only for circa 18-25% of Poland's trade.

The three phenomena, mentioned previously, influenced still more Poland's foreign trade, in last 8 years.

1/. The replacement of Germany by Great Britain went further reaching its peak in 1936, when Great Britain attained first place in Poland's exports and almost par with Germany in Poland's imports.

2/. There was, however, some backward movement in the last few years.

2/. The preferential maritime duties and the development of the overseas trade caused most of Poland's foreign ^{trade} (to pass through the ports of Gdynia and Danzig. / About 75% of the total weight and more than 60% of the total value/. This fact helped the direct trade relations with the overseas countries, thus eliminating dangerous forms of indirect protectionism through shipping. It improved also the balance of payment by avoiding many invisible import items as middlemen and transport services.

3/. The exports became standardized by means of export duties and refund of customs duties, the exporters were organized and there were more finished goods exported, new export items being introduced as hams in tins.

There was also a very important event ; the end of the Polish-German customs war in 1935, with the full victory for Poland. Germany had to renounce her endeavours for special privileges on the

the Polish market. The relations between the two countries were resumed on a normal footing. Otherwise than in the case of South-Eastern Europe Germany could not get a prevailing share in Poland's trade.

The triangular trade being almost destroyed in this period Poland was bound to develop her exports to the overseas countries with whom her balance of trade was distinctly unfavourable. Great help was shown by the surplus from the trade with Great Britain, but it was spent within the British Empire^{I/}. For other overseas countries the means were to be drawn from the rest of Europe, which was more and more difficult owing to the increase of the exchange control.

The composition of imports was of greatest importance, as they were limited by the volume of the exports and had to serve the essential needs of the country. Thus industry got priority and the imports of raw materials and machinery were encouraged at the cost of consumers' goods.

This tendency was somewhat checked by the development of the bilateral agreements, often specifying the kind of goods to be imported. When the improvement of the economic situation made progress after 1934 and foreign credits were obtainable together with the internal ones there was a remarkable increase of the volume of foreign trade. The expansion of industry in 1937-1938 resulted in the big increase of imports which surpassed the ex-

I/. The balance of trade between Poland and the British Empire was steadily unfavourable for Poland. The surplus of imports amounted in 1928 to £ 5.6 mill., in 1935 - £ 0.6 mill., in 1938 - £ 1 mill.

ports by some £ 4.6 mill. in 1938.

Great Britain took a smaller share in this trade expansion. There were several causes as for instance : 1/ the end of the customs war with Germany, which increased her competing powers, 2/ the particular German methods of increasing her trade volume, using the arrears of payment for transit as means of increasing her exports to Poland, 3/ a certain reluctance from the part of British traders to adapt themselves to market conditions and to acquire full knowledge of them.

This new expansive trend was interrupted by the outbreak of the war on September 1, 1939.

The interdependences of the factors, influencing foreign trade.

Before passing to the definition of the aims and achievements of Poland's foreign trade policy it seems usefull to put forward some statements, indicating most important interdependences between the factors influencing Poland's foreign trade. Although these interdependences are by no means original and do not constitute any extraordinary circumstance from the point of view of the traditional political economy - they were so often overlooked by most of the politicians and even by some economists that they ought to have special mention.

1/. The foreign trade of Poland~~xxx~~ was strictly interconnected with the questions of foreign credits. As Poland was a debtor country, striving to keep her solvency and a stable currency the volume of this trade was defined by her exports and by other items of her balance of payment, chiefly foreign credits. The re-

flux of these latter and shrinkage of exports were bound to cause the shrinkage of imports too. Thus the strict interdependence of the balance of trade and the foreign credits. In periods of influx of credits the balance of trade was becoming unfavourable and the country did not defend itself against imports as it could afford them. But their reflux without the expansion of exports must involve an opposite reaction. Thus the burden of post-war reconstruction influenced the foreign trade policy of Poland all the time.

2/. The foreign trade of Poland had to reflect the internal economic structure of the country and its development tendencies. The volume of imports limited by the factors, mostly outside of Poland's control, their composition was to be shaped according to the priority of needs. Thus the priority of production over consumption, the priority of raw materials and machinery over consumers' goods.

3/. The dependence of the means of Poland's foreign trade policy upon these of the economically stronger countries.

The aims of Poland's foreign trade policy.

The principal aims of Poland's foreign trade policy were twofold : 1/ the economic structural aim - the industrialisation of the country as the result of agricultural overpopulation, 2/ the economic and political aim - the economic independence from Germany.

Ad. I. The industrialisation of the country had to solve the problem of the agricultural overpopulation, as the emigration and

the agrarian reform were only fragmentary and temporary solution

In 1921 the population of Poland numbered circa 27.2 mill., while in 1939 circa 35 mill. The hidden structural unemployment was estimated at 5-7 mill. Poland, lacking several essential raw materials as iron ore, semi-base metals, cotton as well as having only a small output of machinery had to rely to a large extent on imports in her industrial expansion. The industrialisation was to be achieved by importing as many means of production as possible and by providing the industries with raw materials. This could be done : 1/ by expanding imports in the way of increased exports and foreign credits, these latter being a temporary measure only. 2/ By using the available foreign exchange for imports as much as possible for industrialisation purposes i.e. by influencing properly the structure of imports. 3/ By developing exports not only numerically but also by quality shifting them from raw materials to more elaborately transformed goods and thus increasing the employment home. 4/ By reducing the invisible imports as shipping services, costs of middlemen in foreign trade etc.

Adm2/. The second aim - the economic independence from Germany was created by Germany herself. The export embargo on the engineering products in first few post-war years, designed to make impossible Poland's reconstruction, then the German effort in 1925 to gain a trade monopoly in Poland's market by the means of black mail with closing coal imports from Polish Upper Silesia - simply forced Poland to fight for her life. This economic struggle with Germany caused Poland to ~~to~~ replace her export and import

markets. It resulted partially in the development of national industries, partially in ~~inst~~ shifting foreign trade to other countries. The basis of these latter means were the relations with Great Britain and the British Empire.

Along with these two essential aims foreign trade policy had many other aims of a temporary or secondary character, being mostly the disguised form of one of the two former ones as for instance the ~~disguised form~~ development of the sea-borne trade.

But one of the aims was particularly important and dominating and therefore must be treated separately.

This was the defence of the Polish currency. It resulted from the above stated interdependency of the foreign trade and the foreign credits and of the special importance of the balance of trade for Poland's solvency.

The foreign trade policy was used for this purpose in 1925-1926. This emergency lasted a comparatively short time. But in the period of 1929-1935 it became a lasting measure. The principal burden of keeping the solvency of the country and a stable currency was imposed upon the quantitative regulation of the foreign trade up to April 1936. It caused a great shrinkage of the volume of the foreign trade. Now this policy is one of the most controversial topics, but its estimate involves too many questions to be dealt with here.

Whether the foreign trade policy of Poland was keeping a proper path as regards aims and their fulfilment is a difficult question to answer. The principal aims were rather imposed by in-

ternal and external economic and political conditions and it seemed impossible to find any means to eliminate them without a real prejudice to the country.

As regards the realisation of these aims it is another and more debatable matter.

But to give an objective judgement is an extremely difficult if not a hopeless task. The reasoning "If it was so" involves always a good deal of arbitrariness and is often bare and abstract. The ways of action, the decisions undertaken are under the influence of so many factors, outside of the country, or outside the foreign trade sphere, the outlook of many facts changes so much its aspect in the perspective of the time - that it seems wiser to limit oneself to state the principal achievements attained while striving for these aims :

I/. The industrialisation.

a/. The structure of imports.

Percentage share in the value of imports.

	Raw materials	Machinery and means of transport	Foodstuffs & other consumers' goods
1924	40.1	9.0	50.4
1927	49.0	11.7	39.3
1937	62.4	12.9	24.7

b/. The structure of exports.

	crude	simply transformed	more elaborately transformed
1934	45.6	42.4	12.0
1935	45.4	42.3	12.3
1937	40.2	40.1	19.7

c/ The average value of one ton.

The average value of one ton of imports in 1927 was to the average value of one ton of imports in 1937 as 362:300.

The same proportion for exports was as 62:80, I/

d/.The sea-borne trade.

Percentage of the value and weight of the foreign trade carried by sea.

	Import		Export	
	Weight	Value	Weight	Value
1928	35	27.6	42	24.8
1938	64.4	61.5	80.6	65.0

2/.The economic independence from Germany.

a/.The percentage share of Germany, Great Britain and the British Empire in the value of Poland's foreign

	Import trade.			Export		
	Germany	Great Britain	British Empire	Germany	Great Britain	British Empire
1923	43.6	7.0	13.6	50.6	5.7	.
1928	26.9	9.2	13.6	34.2	8.6	9.0
1935	14.4	13.6	26.3	15.1	19.6	25.1
1938	18.2	11.4	21.1	17.7	18.2	21.0

b/.The dispersion of trade.

% share in value of ten principal countries % share of the principal country Dispersion indices A B

	Import		Export	
1923	90.3	43.6	57	2300
1929	80.5	27.3	42	1143
1935	69.0	14.4	31	725
1937	65.4	14.5	30	633
1923	91.6	50.6	62	1834
1929	81.3	40.0	45	1359
1937	76.2	18.3	34	804

These figures explain themselves.

In the light of to-day's experiences, hopes and difficulties it seems necessary to draw the following conclusions from this recently past period :

I/.It is dangerous for the economic stability and development of the country to finance the reconstruction work by means of private credits, liable to the withdrawal at the private ini-

I/.The averages weighted by index of wholesale prices.

tiative at a short notice.

The burden of the so-financed reconstruction hampered Poland's economic development and her foreign trade during almost all the inter-war period.

2/.The volume of the foreign trade was to a very large extent dependant on factors, outside the sovereign will of the economically weaker States. The best efforts of their government and citizens together could not counter-act the influence of these factors, being the resultant of international clashes of economic forces. Thus the freedom of action in the field of foreign trade was for Poland very restricted. But at the same time the results achieved prove the value of such even restricted independence.

This actual limitation as well as the efficiency of the national foreign trade in profiting from even the restricted scope of action in the past period are often overlooked. They both ought to be taken into account by partisans and critics of the idea of a planned organization of the world trade.

3/.The lack of development of trade relations between Poland and France notwithstanding reciprocal efforts proves that the political alliance and good will from both sides are not sufficient to foster trade relations without a real structural background.

4/.As regards Polish-British trade - the experiences of the past period proved that beside the complementary character of the trade of both countries, the good quality of British goods

and willingness to buy them - the reciprocal knowledge of the market conditions, in the full meaning of this word, and their practical application are an essential factor for the development of the trade relations between the two countries.

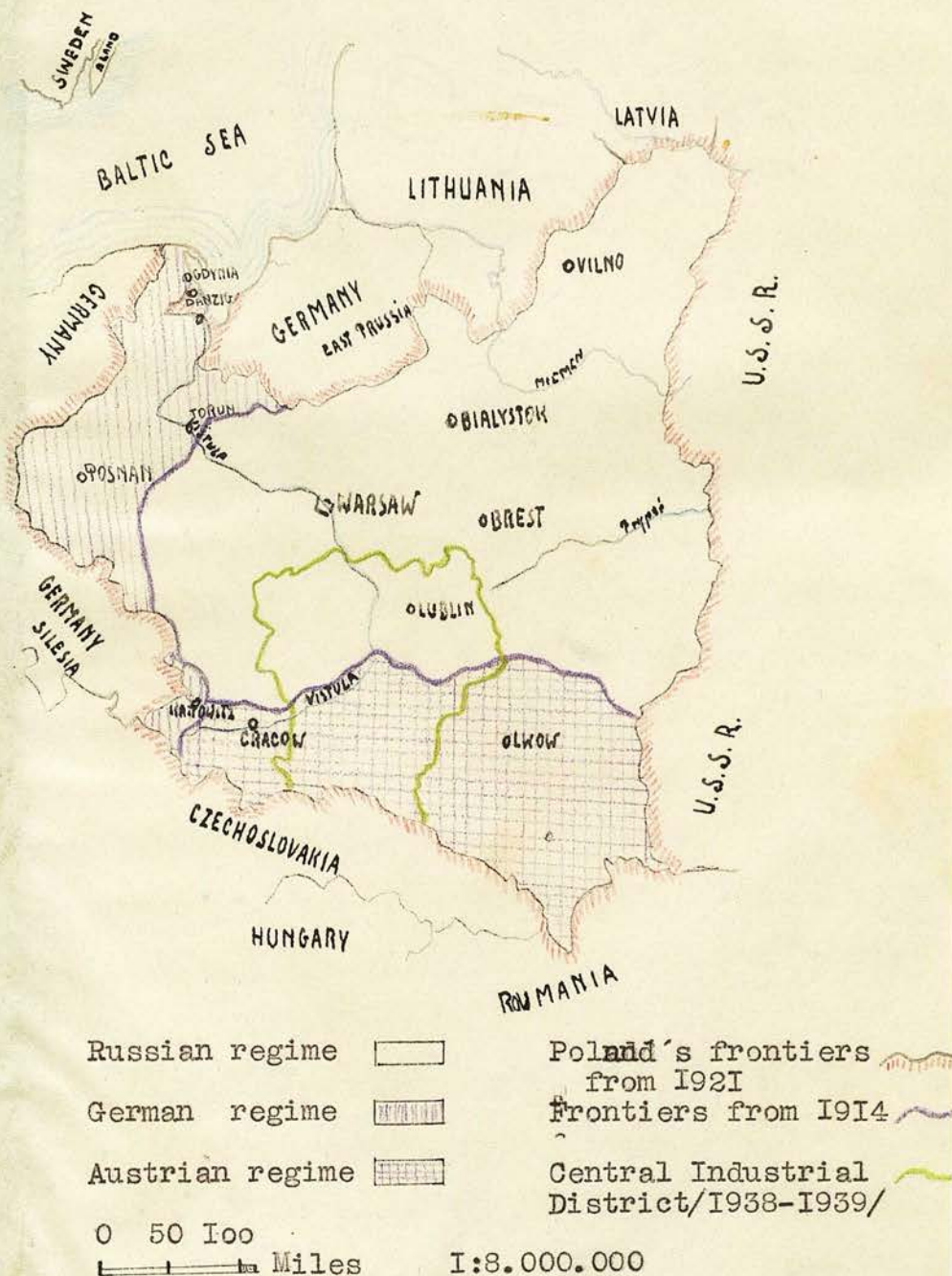
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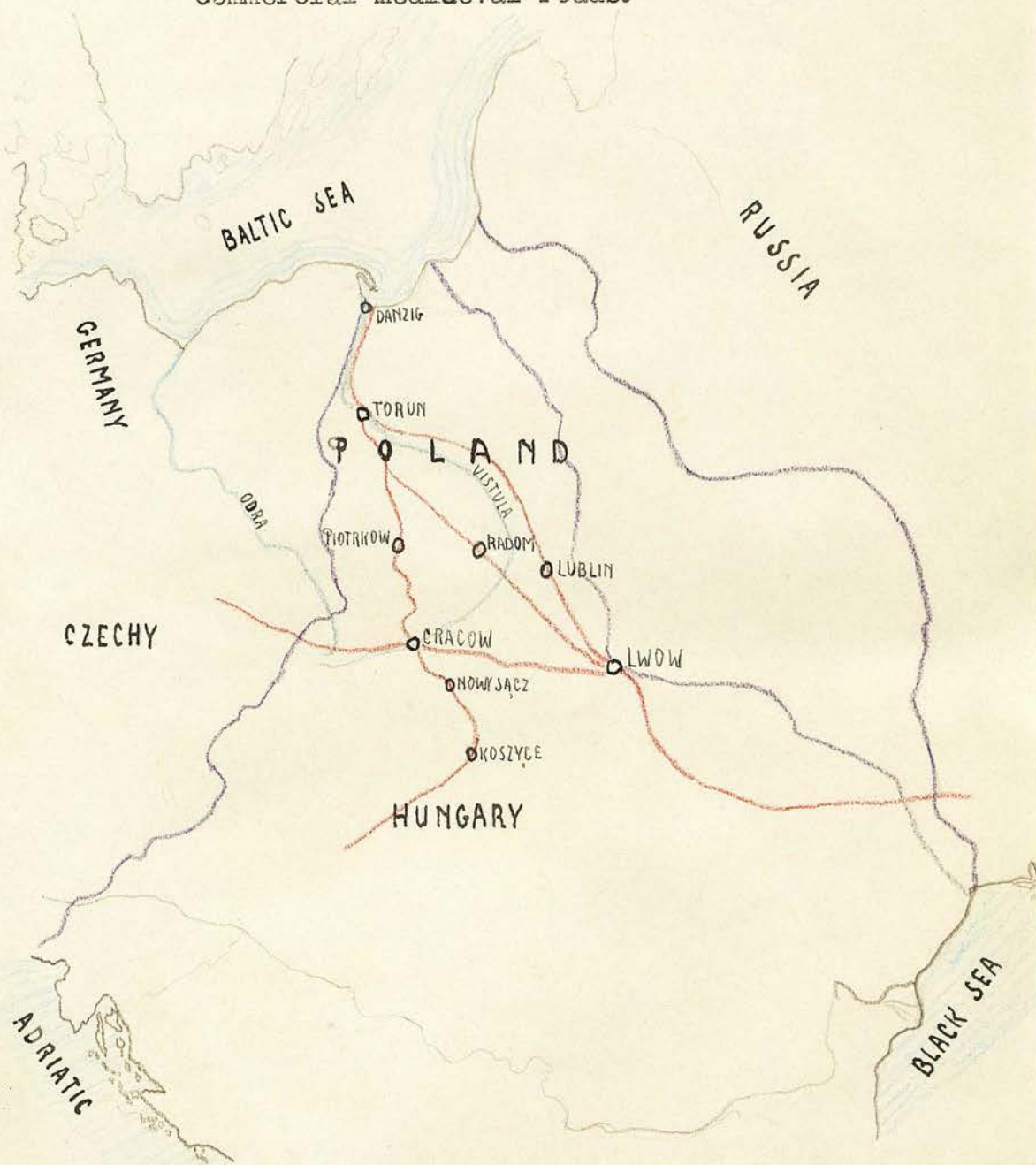
Appendix No I.

Map of Poland.

Frontiers of 1914 and
Central Industrial District
from 1938-1939.



Principal Amber roads and
commercial mediaeval roads.



1. Amber roads

2. Commercial mediaeval roads

APPENDIX No. 2.

The Commercial Treaty concluded between Prussia and Poland
I/
on March 8, 1775.

Art. I. The Poles may import into all the towns of the States of His Majesty King of Prussia inclusive, all their products in order to sell them, paying only 2% of the customs duties.

Art. II. The Poles will be permitted to export through the States of H.M. /with the exception of Königsberg in Prussia which will have the privilege of pre-emption/, of all their products abroad, paying 12% transit duty, without any other tolls or charges in any circumstances. But this permission does not extend either to contraband goods, which will be enumerated in the tariff, or to those, which are needed for the manufactures of the States of H.M. King of Prussia and which will be subjected to the same prohibitions or special customs duties as the former, these are : timber, dyer's weeds and mining products used in dying, nut-gall, raw hides of every kind, linseed, raw wool, cotton thread, Turkish wool thread, flax thread, wick thread. Nevertheless timber transport through Western Prussia will be treated as normal transit.

Art. III. The Poles can buy wherever they wish in the States of H.M. and export to Poland all the goods they need paying only 2% of export duty. Reciprocally, Poland will limit herself to
no
levy 2% custom duty and more on any goods, produced in Prussia.

I/. Recueil des traités, conventions et actes diplomatiques concernant la Pologne 1762 - 1862. Le comte D'Angeberg. Paris, 1862.

States, whether these are imported, or in transit.

Art. IV. The Poles may import directly abroad the same goods, but in this case they will have to pay 12% custom duty.

Art. V. In order to enable the Poles to provide themselves with all kinds of goods H.M. will grant to the towns of Memel, Tilsit, Königsberg, Elbing, Bromberg-on-Brda, Stettin, Driesen and Breslau permission to keep foreign manufactures of silk and fine linen for the needs of the Poles, on condition, that they will buy amount of Prussian goods of different kinds equal to half of foreign goods and they will pay 4% export duty for the above foreign goods will be subjected to the same customs duties mentioned foreign goods, otherwise as if they had been imported directly from abroad.

Art. VI. The city of Danzig, being completely without the territories of the King of Prussia will be subjected to the same laws and conditions as other foreigners so far as payment of transit duties, is concerned, without any other tolls in any circumstances.

APPENDIX No.3.

Temporary provisions for import and export quotas for both German and Polish parts of Upper Silesia in terms of the Geneva Convention./Part V.Economic Questions/.

The CHAPTER I /art.216-233/ provided that the custom; frontier in Upper Silesia region was identical with the political frontier. In both the Germany and Polish parts the corresponding legislation was introduced, all the foreign restrictions and tariffs being applicable with the exceptions contained in the Convention. The most important exceptions were the following:

I. Long term exceptions.

a/. Franchise reciprocal for a period of 15 years for the natural products, originating from one part and destined to be consumed or used in the other one. These natural products included all cereals, beetroots, sugar beetroots, hop, potatoes, fresh fruits, fresh vegetables, hay; straw, natural ice, salt, stones, sand, earths, gravel, clay, slate, undressed timber.

Both Governments reserved the right to establish by mutual agreement the quotas for any of mentioned products in the case of difficulties./art.218/.

b/. Franchise reciprocal for 15 years for the semi-manufactured goods destined for exportation after further processing.

c/Obligation reciprocal to facilitate during 15 years the exportation of the products directly indispensable for industrial purposes from the respective territories to the former plebiscite parts. These products were submitted to the import duties if not otherwise stated. Food products were excluded.

Iron scrap was treated as an exception and its export was facilitated reciprocally under several conditions for a period of 5 years/art.225-227/.

d/The obligation of Poland during 15 years to issue the authorization for export of any quantities of dolomite necessary for industrial enterprises, situated in the former German plebiscite part and during 5 years - for export of sulphuric acid /50^o Baumé/ not exceeding the half of the total production, not less than 60.000 tons yearly.

e/The reciprocal obligation of authorizing during 15 years the export of coal, coke, briquettes, iron, ore, zinc and lead ores from Polish parts into Germany and from the German part into the Polish part on the basis of art.90 of the Versailles Treaty and decision of the Conference of the Ambassadors/art.330-335/

f/ The reciprocal obligation of authorizing during 15 years the transport of any tools, materials etc. necessary for conservation or repair of the water works installations, this transport being free from any import and export duties and taxes. The water deliveries are free from any customs duties also for a period of 15 years, both parties undertaking an obligation to deliver the same quantities of water as previously during a period of 15 years.

g/ The reciprocal obligation of authorizing free during 15 years the transfer of electrical power from any electrical power stations other than "Oberschlesische Elektrizitätswerke" and situated on the plebiscite territory to any place on this territory. The quotas corresponding to transport of material and machinery, necessary for repair work, were free of any duties or

taxes./art.278/.

2/. Short time transitory exceptions:

a/.Franchise reciprocal for a period of 6 months for the raw materials and semi-manufactured goods originating from one part of the plebiscite territory with the destination for the other part./art.219/.

b/.Franchise reciprocal for a period of 6 months for the goods coming from abroad to the plebiscite territory and cleared before the date of partition./art.217/.

c/.Franchise for a period of 3 years for imports into Germany of the products originating from the Polish part in virtue of art.268 of the Versailles Treaty./art.224/.

d/.Obligation of Germany to issue during 2 years export permits for the pit props,destined for the mines and industrial enterprises in Polish part,quotas and export conditions being strictly established /art.228/.

e/.Obligation of Germany to permit during 13 months the export of established quotas of fresh milk for the consumers of the Polish part./art.230 § I/.

f/.Obligation of Poland to authorize the export into Germany during 13 months of one third of the ^{total} amount of scories Thomas ,produced in the Polish part,not less than 1000 tons monthly.

g/.Both parties authorized "Oberschlesische Elektrizitätswerke " for a period of 3 years to supply the electric power for the whole of the plebiscite territory,free from any du -

ties or taxes. The facilities for transporting personnel, materials and machinery for exploitation purposes were granted too.

All terms were to begin from the date of incorporation i. e. June 15, 1922. The customs franchise mentioned in art. 217-220 meant only the exemption from import and export duties, not comprising the taxes or administrative duties, if not expressly stated.

The Mixte Commission, a special body, created by the convention as an arbitrator, was also competent in any disputes arising from the application of the described provisions. But as both parties retained full independence as regards the customs legislation, tariffs inclusive, the validity of these regulations could not be questioned by the Commission. Only the abusive application of these regulations was under the competence of the Commission.

Finally it is worth mentioning the creation of the special frontier zone, 5 kilometers wide, from every side of the frontier. The inhabitants of this zone e.g. workers, working on the other side of the frontier, than their homes, were granted the favour of free circulation in the zone together with some privileges of goods franchise/art. 250-256/. There were introduced for a period of 15 years the circulation cards for the persons living on the plebiscite territory at least since January 1, 1921.

APPENDIX No 4.

Principal items of Poland's balance of payment. ^{I/}
/Mill. zloty /

	^{2/} Commodity turnovers		Interests, dividends		Emigrant traffic	
	Credits	Debits	Credits	Debits	Credits	Debits
1924	2166.6	2721.9	10.8	124.4	271.1	49.7
1925	2286.3	3382.1	6.2	123.8	258.0	78.0
1926	2269.2	1467.9	6.5	175.5	241.1	62.4
1927	2547.3	2964.8	17.9	247.4	242.7	53.6
1928	2485.1	3473.1	31.6	316.1	271.1	61.1
1929	2704.8	3166.7	30.8	410.8	277.8	68.7
1930	2341.3	2273.7	30.4	481.3	291.5	52.2
1931	1817.2	1566.9	25.7	443.1	274.3	18.3
1932	1053.8	930.1	15.1	300.1	206.6	8.4
1933	948.6	850	13.4	226.4	151.8	17.8
1934	950.6	790.5	10.3	177.2	151.6	42.6
1935	873.0	816.0	7.8	153.0	168.5	64.0
1936	880.7	855.6	5.9	130.9	168.6	58.9

Balance for 1924-1936.

Services	+ 654.1	Commodity turnover	- 1484.7
Longterm credits	+1184.1	Gold	- 601.8

Balance - 247.8
/covered by short term credits/

I/ Hipolit Gliwic. Les Capitaux Etrangers en Pologne.
Varsovie. Dec. 1938.

2/ Excluding gold, after deducting clearing turnovers.

Communication services		Gold		Long term credits	
Credits	Debits	Credits	Debits	Credits	Debits
129.7	63.8	2.6	26.7	162.9	26.6
176.8	59.3	8.6	103.2	477.1	68.3
121.2	82.6	4.6	4.3	28.3	84.2
199.7	96.1	5.5	287.7	614.1	95.5
247.3	86.9	0.2	106.8	326.9	107.6
268.8	74.7	0.1	81.5	243.9	202.0
266.2	77.9	180.5	39.5	167.2	136.2
216.1	68.8	0.1	60.7	464.3	350.5
165.3	63.6	223.5	237.2	181.9	146.9
151.1	56.9	104.6	154.1	92.4	101.4
116.3	52.4	51.3	42.0	145.6	211.3
106.8	37.6	71.6	128.6	126.9	156.9
100.9	41.3	26.3	46.6	159.3	220.3

Excluding gold after deducting clearing turnover.

APPENDIX No 5.

Imports and exports, by principal countries.^{I/}
/Special trade, merchandise only/
Value in zloty /ooo,ooo's omitted/

Principal countries	1927		1928		Balance	1927		1928		Balance
	Import	%	Export	%		Import	%	Export	%	
Germany	737	25.5	805	32.0	+ 68	903	26.9	859	34.2	- 44
Austria	189	6.5	276	11.0	+ 87	221	6.6	311	12.4	+ 90
Belgium	46	1.6	61	2.4	+ 15	66	2.0	57	2.3	- 9
Denmark	52	1.8	74	3.0	+ 22	53	1.6	76	3.1	+ 23
Finland .....	.	.	.	.	.	.	.	.	.	.
France	216	7.5	43	1.7	-173	249	7.4	43	1.7	-206
Hungary	46	1.6	54	2.1	+ 8	44	1.3	43	1.7	+ 1
Irish Free State....	.	.	.	.	.	.	.	40	1.9	- 24
Italy	84	2.9	53	2.1	- 31	83	2.5	49	1.9	+ 34
Latvia	21	0.7	42	1.7	+ 21	18	0.5	60	2.4	- 42
Norway .....	.	.	.	.	.	.	.	.	.	.
Netherlands	122	4.2	85	3.4	- 37	139	4.1	78	3.1	- 61
Roumania.....	71	2.4	82	3.3	+ 11	38	1.1	54	2.2	+ 16
United Kingdom	271	9.4	306	12.2	+ 35	313	9.3	227	9.0	- 87
Sweden	58	2.0	146	5.8	- 88	70	2.1	110	4.4	+ 40
Switzerland	61	2.1	19	0.8	+ 42	89	2.6	17	0.7	- 72
Czechoslovakia	167	5.8	253	10.0	- 86	223	6.3	295	11.8	+ 82
U.S.S.R.	100	3.5	45	1.8	+ 55	39	1.2	38	1.5	- 1
China	2	0.1	3	0.1	+ 1	3	0.1	9	0.4	+ 6
British India	78	2.7	14	0.5	- 64	109	3.3	2	0.1	-107
Netherl. India .....	.	.	.	.	.	.	.	.	.	.
Japan	-	-	12	0.5	+ 12	-	-	11	0.4	+ 11
Australia	32	1.1	-	-	- 32	23	0.7	-	-	- 23
Egypt .....	.	.	.	.	.	.	.	.	.	.
Argentina	33	1.2	3	0.1	- 30	42	1.3	6	0.2	- 36
Brazil .....	.	.	.	.	.	.	.	.	.	.
Canada	14	0.5	-	-	- 14	9	0.3	-	-	- 9
U.S.A.	373	12.9	19	0.8	-354	467	13.9	19	0.8	-448
Other countries	118	4.0	118	4.7	- -	167	4.9	142	5.7	- 25
Total	2 892	100	2 515	100	-377	3 362	100	2 508	100	-854

I/ International Trade Statistics /League of Nations/.

1930		1931		1932		1933		1934	
Import	Export	Import	Export	Import	Export	Import	Export	Import	Export
...
206	27.0	627	25.7	+ 21	359	24.5	315	16.8	- 44
127	5.7	227	9.3	+100	75	5.1	175	9.3	+100
55	2.5	62	2.5	+ 7	46	3.1	67	3.6	+ 21
30	1.3	122	5.0	+ 92	21	1.4	77	4.1	+ 56
151	6.7	75	3.1	- 76	110	7.5	103	5.5	- 7
22	1.0	36	1.5	+ 14	11	0.7	27	1.4	+ 16
70	3.1	31	1.3	- 39	50	3.4	36	1.9	- 14
6	0.3	67	2.8	+ 61	3	0.2	31	1.6	+ 28
78	3.5	83	3.4	+ 5	41	2.8	68	3.6	+ 27
22	1.0	51	2.1	+ 29	14	1.0	31	1.6	+ 17
178	7.9	294	12.1	+116	104	7.1	318	16.9	+214
41	1.8	111	4.6	+ 70	29	2.0	91	4.8	+ 62
85	3.8	52	2.1	- 33	80	5.4	55	2.9	- 25
170	7.5	216	8.9	+ 46	100	6.8	144	7.7	+ 44
46	2.0	129	5.3	+ 83	36	2.5	125	6.7	+ 89
1	0.1	13	0.5	+ 12	2	0.1	9	0.5	+ 7
65	2.09	8	0.5	- 57	49	3.3	4	0.2	- 45
1	.	12	0.5	+ 11	2	0.1	23	1.2	+ 21
43	1.9	-	-	- 43	34	2.3	-	-	- 34
25	1.1	8	.	.	.	.	.	.	.
25	1.1	8	0.4	- 17	27	1.8	5	0.3	- 22
1	0.1	1	-	-	1	0.1	-	-	- 1
372	12.0	22	0.9	-249	155	10.6	13	0.7	-142
152	6.8	186	7.7	- 34	119	8.2	162	8.7	- 43
2 346	100	2 433	+187		1 468	100	1 879	100	+411
862	100	1 083.8	100		862	100	1 083.8	100	
+221.8		827.0	100		+221.8		827.0	100	
959.6	100	+132.6			959.6	100	+132.6		
798.8	100	975.3	100		798.8	100	975.3	100	

Balance		1935		Balance		1936		Balance		1937		Balance		1938	
	Import	Export		Import	Export		Export		Import	Export		Import	Export		Balance
	%	%		%		%	%		%
+ 53.1	123.9	14.4	139.9	15.1	+ 16.0	142.9	14.3	145.3	14.2	+ 2.4	182.2	14.5	173.0	14.5	- 9.2
+ 20.5	41.1	4.8	59.4	6.4	+ 18.3	44.9	4.5	58.8	5.7	+ 13.9	57.8	4.6	58.7	4.9	+ 0.9
+ 33.0	25.9	3.0	57.1	6.2	+ 31.2	43.4	4.3	84.3	8.2	+ 40.9	56.3	4.5	69.0	5.8	+ 12.8
+ 22.0	10.2	1.2	27.6	3.0	+ 17.4	8.2	0.8	26.3	2.6	+ 18.0	16.9	1.3	15.3	1.3	- 1.6
.	.	.	.	.	.	1.6	0.2	17.3	1.7	+ 14.7	2.8	0.2	20.4	1.7	+ 17.6
- 5.4	41.8	4.9	32.6	3.5	- 9.2	43.5	4.3	43.7	4.3	+ 0.2	40.7	3.2	49.2	4.1	+ 8.5
+ 0.5	4.7	0.5	4.7	0.5	- -	5.1	0.5	5.8	0.6	+ 0.7	8.1	0.6	7.1	0.6	- 1.0
+ 14.7	0.4	-	2.5	0.3	+ 2.1	-	-	1.5	0.1	+ 1.5	1.1	0.1	1.8	0.2	+ 0.7
+ 3.3	25.9	3.0	29.8	3.2	+ 3.9	16.7	1.7	22.0	2.1	+ 5.3	32.0	2.6	54.2	4.5	+ 22.2
+ 5.9	1.1	0.1	7.5	0.8	+ 6.4	1.1	0.1	4.3	0.4	+ 3.2	1.0	0.1	4.4	0.4	+ 3.4
.	.	.	.	.	.	14.7	1.5	21.5	2.1	+ 6.8	19.3	1.5	22.1	1.8	+ 2.8
+ 10.7	28.3	3.3	35.4	3.8	+ 7.1	37.3	3.7	46.0	4.5	+ 8.7	57.7	4.6	61.2	5.1	+ 3.5
+ 4.1	5.3	0.6	7.9	0.8	+ 2.6	4.9	0.5	3.5	0.3	- 1.4	8.6	0.7	10.6	0.9	+ 2.0
+105.7	116.7	13.6	181.4	19.6	+ 64.7	141.6	14.1	221.6	21.6	+ 80.0	149.2	11.9	219.2	18.3	+ 70.0
+ 25.3	19.8	2.3	49.5	5.4	+ 29.7	29.1	2.9	59.6	5.8	+ 30.5	37.3	3.0	75.2	6.3	+ 37.9
- 9.3	23.7	2.8	13.0	1.4	- 10.7	22.8	2.3	10.9	1.1	- 11.8	17.1	1.4	21.5	1.8	+ 4.4
+ 17.9	35.2	4.1	52.9	5.7	+ 17.7	35.6	3.5	49.2	4.8	+ 13.6	44.0	3.5	51.9	4.3	+ 7.9
+ 7.8	14.9	1.7	11.1	1.2	- 3.8	16.2	1.6	9.0	0.9	- 7.2	14.5	1.2	4.4	0.4	- 10.1
+ 5.9	3.2	0.4	7.4	0.8	+ 4.2	3.6	0.4	5.0	0.5	+ 1.4	3.7	0.3	9.4	0.8	+ 5.7
- 17.8	31.9	3.7	5.9	0.6	- 26.0	36.4	3.6	6.7	0.7	- 29.7	44.5	3.5	9.2	0.8	- 35.3
.	.	.	.	.	.	13.3	1.3	1.4	0.1	- 11.9	18.9	1.5	2.8	0.2	- 16.1
+ 0.5	1.9	0.2	4.7	0.5	+ 2.8	2.4	0.2	5.9	0.6	+ 3.5	3.5	0.3	9.5	0.8	+ 6.0
- 23.2	20.7	2.3	0.5	0.1	- 29.2	38.2	3.8	0.4	-	- 37.8	38.1	3.0	0.5	-	- 37.6
.	.	.	.	.	.	17.4	1.7	6.0	0.6	- 11.4	18.1	1.4	9.1	0.8	- 9.0
- 8.0	16.0	1.9	12.4	1.4	- 3.6	27.7	2.8	14.8	1.4	- 12.9	34.7	2.8	20.8	1.7	- 13.9
.	.	.	.	.	.	14.2	1.4	5.1	0.5	- 9.1	19.1	1.5	8.8	0.7	- 10.3
- 14.4	1.4	0.2	4.8	0.5	- 3.4	2.2	0.2	1.4	0.1	- 0.8	6.3	0.5	1.0	0.1	- 5.3
- 98.3	123.1	14.3	43.3	4.7	- 79.8	119.3	11.9	67.3	6.6	- 52.0	149.1	11.9	100.9	8.4	- 48.2
- 6.8	144.5	16.7	133.7	14.5	- 10.8	180.3	18.0	132.9	12.9	- 47.4	171.7	13.8	104.3	8.8	- 67.4
+176.5	860.6	100	925	100	+ 64.4	1 003.4	100	1 026.2	100	+ 22.8	1 254.3	100	1 195.5	100	- 58.8

APPENDIX No 6. I/
Imports, by principal articles.
/Special trade,merchandise only/.
Value in zloty,/ooo,ooo's omitted/ weight in tons/ooo's omitted/

Principal articles	1926			1927		
	Value	%	Weight	Value	%	Weight
Edible fats, animals	21	1.4	7	40	1.4	16
Fish	37	2.4	61	58	2.0	83
Wheaten flour	0.7	-	1	10	0.4	13
Rice .....	.	.	.	.	.	.
Other flours&cereals	16	1.0	47	261	9.0	598
Fruit	21	1.3	23	39	1.4	34
Coffee,tea,cocoa	54	3.5	12	67	2.3	14
Other foodstuffs&beverages	76	4.9	91	160	5.6	198
Plants&seeds	19	1.2	20	32	1.1	35
Hides&skins,raw .....	.	.	.	.	.	.
Fur skins .....	.	.	.	.	.	.
Rubber&manufactures	20	1.3	1.6	44	1.5	3.8
Tobacco	37	2.4	12	34	1.2	15
Chemicals, crude&manures	38	2.3	219	77	2.7	540
Ores	49	3.2	448	93	3.2	1016
Iron:pig, scrap, bar	17	1.1	171	61	2.1	475
Wool,raw	120	7.7	13	201	6.9	20
Cotton,raw&waste	230	13.4	66	294	10.2	79
Greases,not edible	56	3.7	33	74	2.5	44
Colours&dyes 4/	57	3.7	37	85	2.9	57
Other chemical&pharmaceutical products.	.	.	.	.	.	.
Woollen yarn	19	1.3	0.9	64	2.2	2.9
Cotton yarn&thread	25	1.6	1.8	43	1.5	3.1
Leather	54	3.5	6.2	90	3.1	5.7
Cotton piece goods	23	1.5	1.0	37	1.3	1.6
Other piece goods	31	2.0	1.2	58	2.0	2.3
Silk&manufactures .....	.	.	.	.	.	M
Apparel&footwear	37	2.4	1.1	47	1.6	1.2
Other textiles	39	2.6	15	61	2.1	27
Paper&manufactures	50	3.2	43	91	3.2	84
Pottery&glass	15	1.0	55	32	1.1	117
Iron manufactures,rails'hollow-ware	34	2.2	27	70	2.4	43
Electric machinery&appliances	56	3.6	11	91	3.2	17
Machinery,other	81	5.2	21	207	7.2	49
Instruments&apparatus	33	2.1	7	67	2.3	11
Vehicles	141	9.1	984	301	10.4	1297
Other articles .....	.	.	.	.	.	.
Total	1549	100	2438	2892	4903	3362

1928			1929			1930			1931		
Value	%	Weight	Value	%	Weight	Value	%	Weight	Value	%	Weight
53	1.6	21	44	1.4	16.6	30	1.4	12.3	1	0.1	4
63	1.9	87	69	2.2	104	64	2.9	95	38	2.6	58
2	0.1	3	1	-	1.7	1	-	1.2	-	-	0.8
.
210	6.2	424	25	0.8	62	9	0.4	32	9	0.6	45
36	1.1	32	41	1.3	41	41	1.8	50	36	2.5	51
71	2.1	15	70	2.3	16.4	55	2.4	16	44	3.0	16
180	5.4	215	149	4.8	187	98	4.3	143	67	4.6	121
36	1.1	41	38	1.2	42	26	1.1	35	21	1.4	36
.
65	1.9	6.8	50	1.6	6.9	40	1.8	5.7	22	1.5	4.1
36	1.1	10	52	1.7	16	61	2.7	19	33	2.2	10
114	3.4	664	137	4.4	790	74	3.3	428	28	1.9	201
85	2.5	835	105	3.4	1026	72	3.2	650	39	2.7	561
81	2.4	541	82	2.6	525	45	2.0	338	38	2.6	372
183	5.4	17	199	6.4	21	125	5.6	19	97	6.6	21
326	9.7	76	271	8.7	66	198	8.8	61	I 24	8.4	55
64	1.9	39	79	2.5	51	67	3.0	47	41	2.8	39
95	2.8	61	93	3.0	61	87	3.9	44	66	4.5	36
.
70	2.1	2.9	59	1.9	2.5	39	1.7	2	31	2.1	1.8
52	1.6	3.0	50	1.6	2.7	36	1.6	2.4	27	1.8	1.7
101	3.0	4.1	86	2.8	3.8	63	2.8	2.6	22	2.5	1.1
51	1.5	2.0	41	1.3	1.8	29	1.3	1.3	22	1.5	1.1
71	2.1	2.9	83	2.7	2.6	76	3.4	2.1	61	4.2	2.0
.
56	1.7	1.4	51	1.7	1.2	46	2.0	1	30	2.0	0.9
87	2.6	34	84	2.7	33	64	2.9	23	53	3.7	24
102	3.0	93	93	3.0	80	75	3.3	77	54	3.7	58
45	1.3	147	45	1.4	141	32	1.4	86	17	1.1	37
86	2.6	51	97	3.1	88	70	3.1	67	30	2.0	31
119	3.5	19	128	4.1	16	91	4.1	10	65	4.4	6
291	8.6	67	269	8.7	60	151	6.7	30	86	5.9	16
.
114	3.4	17	112	3.6	16	68	3.0	10	33	2.2	3.6
415	12.4	1633	416	12.4	1633	406	13.1	1606	226	15.4	1116
4903	100	5165	3110	100	5088	2246	100	3571	1468	100	2931

1/International Trade Statistics./League of Nations/.
2/Replaced from 1933 onwards by position:"oilseeds&copra"
3/Replaced from 1933 onwards by position:"manures"
4/Till 1932 inclusive as one position:"chemicals,manufactures".

1932			1933			1934			1935			1936		
Value	Weight		Value	Weight		Value	Weight		Value	Weight		Value	Weight	
...	%		...	%		...	%		...	%		...	%	
0.1	-	0.1	.	.	.	.	.	.	.	.	.	.	.	.
23.3	2.7	48.0	18	2.2	44	14.8	1.9	41	17.0	2.0	47	20.0	2.0	52
.
4.9	0.6	30	13	1.6	64	6.8	0.9	44	8.4	1.0	47	10.0	1.0	55
22.9	2.6	33	7.3	0.9	52	1.5	0.2	7	1.0	0.1	3.3	0.8	0.1	2.9
31.8	3.7	15	24.3	2.9	45	28.0	3.5	55	38.9	4.5	75	33.0	3.3	61
40.2	4.7	78	27.9	3.4	17	21.7	2.7	15	19.1	2.2	14	19.3	1.9	15
23.1	2.7	67	15.9	1.9	14	13.2	1.7	12	11.5	1.3	9.2	12.4	1.2	10.4
.	.	.	23.6	2.9	82	23.9	3.0	101	14.7	1.7	53.8	12.9	1.3	40.3
13.7	1.6	4.0	22.1	2.7	18	32.7	4.1	26	33.1	3.9	28	39.7	4.0	25
33.0	3.8	9	24.1	2.9	2.8	25.0	3.1	2,7	25.0	2.9	2.9	32.6	3.2	3.1
16.9	2.0	94	14.2	1.7	4.9	14.5	1.8	6.2	12.9	1.5	5.6	10.0	1.0	5.1
12.3	1.4	229	22.0	2.7	7	22.4	2.8	9	20.6	2.4	8.2	23.2	2.3	6.5
8.7	1.0	126	6.1	0.7	93	4.9	0.6	102	3.1	0.4	69	8.5	0.8	179
66.0	7.6	18	17.3	2.1	355	15.2	1.9	356	15.8	1.8	448	18.1	1.8	552
86.2	10.0	51	23.5	2.8	316	27.7	3.5	328	32.6	3.8	386	44.4	4.4	479
27.9	3.2	37	79.7	9.6	22	82.9	10.4	19	74.4	8.6	23	104.5	10.4	18
51.4	6.0	42	97.5	11.8	61	112.8	14.1	68	114.4	13.3	67	126.9	12.6	74
.	.	.	.	.	.	.	.	.	M.	.	.	.	.	.
9.3	1.1	0.7	18.9	2.3	18	18.4	2.3	21	17.6	2.0	21	24.1	2.4	25
19.4	2.2	2.8	42.3	5.1	28	28.5	3.6	17	31.3	3.6	21	31.3	3.1	18
16.1	1.9	0.6	7.8	0.9	0.7	5.0	0.6	0.4	6.4	0.7	0.6	11.4	1.1	1
11.1	1.3	0.7	11.4	1.4	1.3	12.2	1.5	1.1	9.6	1.1	1.2	10.9	1.1	1.6
28.2	3.3	1.1	14.3	1.7	0.7	10.0	1.3	0.5	10.2	1.2	0.7	11.1	1.1	0.9
15.9	1.8	0.6	8.6	1.0	0.6	1.0	0.1	0.5	7.7	0.9	0.6	9.3	0.9	0.3
23.1	2.7	14	16.1	1.9	0.5	9.1	1.1	0.3	8.0	0.9	0.3	7.5	0.7	0.4
31.8	3.7	47	.	.	.	.	.	.	.	.	.	.	.	.
8.0	0.9	14	24.4	3.0	32	27.5	3.4	33	32.8	3.8	37	42.1	4.2	51
22.3	2.6	26	22.5	2.7	34	19.4	2.4	36	21.0	2.4	41	19.1	1.9	40
29.8	3.5	3	6.7	0.8	14	6.2	0.8	13	6.9	0.8	12	7.6	0.8	14
37.0	4.3	7	14.4	1.7	16	15.0	1.9	17	26.0	3.0	26	28.5	2.9	34
14.6	1.7	1.5	22.8	2.8	3	22.2	2.8	3	26.6	3.1	3.9	37.2	3.7	6.3
133	15.4	788	34.9	4.2	6	34.1	4.3	7	43.2	5.0	9.3	53.2	5.3	11.9
862	100	1787	16.2	2.0	0.4	12.3	1.5	0.3	15.3	1.8	0.5	17.2	1.7	0.5
			16.4	2.0	4.5	12.1	1.5	2.1	27.3	3.2	4.3	32.0	3.2	5.8
			112.8	13.7	1000.7	117.8	14.7	1223	128.2	15.1	1107	144.6	14.6	1277
			827	100	2356	798.8	100	2555	860.6	100	2573	1003.4	100	3066

APPENDIX No 7. I/

Exports, by principal articles.

/Special trade, merchandise only/.

Value in zloty, /ooo,ooo's omitted, weight in tons/ooo's omitted/

Principal articles	1926			1927			1928			1929			1930			1931			1932		
	Value	Weight	%	Value	Weight	%	Value	Weight	%	Value	Weight	%	Value	Weight	%	Value	Weight	%	Value	Weight	%
Horned cattle	51	0.5	542	4	0.2	6	4	0.1	3	16	0.6	29	22	0.9	40	13	0.8	21	3	0.3	7
Pigs	80	3.5	594	168	6.7	771	208	8.3	1279	185	6.6	960	139	5.7	721	52	2.8	374	22.8	2.1	193
Live animals, other	22	1.0	2048	19	0.7	1627	20	0.8	1733	24	0.8	1961	27	1.1	1998	25	1.3	2683	12.6	1.2	2295
Meat&game	65	2.9	36	70	2.8	29	73	2.9	30	100	3.6	32	124	5.1	49	166	8.8	87	96.3	8.9	68
Eggs	132	5.9	59	169	6.7	66	145	5.8	55	142	5.1	53	135	5.5	55	98	5.2	48	56.6	5.2	37
Cereals & flours	169	7.5	520	41	1.6	95	57	2.3	137	161	5.7	503	169	6.9	782	87	4.6	402	83.6	7.7	471
Sugar	143	6.3	267	131	5.2	202	102	4.1	186	134	4.7	298	138	5.7	395	80	4.3	345	34.2	3.2	185
Other foodstuffs&beverages	148	6.6	578	196	7.8	540	216	8.6	438	250	8.9	629	173	7.1	626	114	6.0	385	47.2	4.4	252
Fodder	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	16	0.19	135	14.6	1.3	132
Hides&leather	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Raw materials, animal	34	1.5	20	39	1.6	15	54	2.1	20	57	2.0	19	59	2.4	23	50	2.7	21	36.3	3.3	21
Plants & seeds	41	1.8	69	68	2.7	87	62	2.5	76	81	2.9	111	54	2.2	81	43	2.3	66	33.9	3.1	53
Timber	131	5.8	2992	256	10.2	4038	226	9.0	3094	169	6.0	2358	91	3.8	1428	34	1.8	651	19.4	1.8	419
Wood, semi-manufactured	195	8.7	1909	338	13.4	2325	317	12.7	1723	254	9.0	1311	211	8.7	1311	157	8.4	1106	77.3	7.1	582
Iron in bars	4	0.2	13	6	0.3	22	7	0.3	23	19	0.7	58	45	1.8	149	28	1.5	100	8.6	0.8	33
Zinc	151	6.7	114	163	6.5	128	144	5.7	133	152	5.4	140	105	4.3	140	61	3.2	116	36.2	3.3	78
Refined mineral oils	96	4.3	381	67	2.7	196	53	2.1	187	44	1.6	185	32	1.3	122	25	1.3	148	22.1	2.0	161
Paraffin wax&vaseline	35	1.5	30	22	0.9	23	27	1.1	33	27	1.0	28	20	0.8	24	15	0.8	22	12.5	1.2	20
Coal, coke&briquettes	446	19.8	14437	348	13.8	11226	370	14.7	13035	391	13.9	14093	343	14.1	12697	349	18.6	14073	218.5	20.2	10425
Wool	9	0.4	1.9	10	0.4	2	16	0.6	3.1	14	0.5	3	6	0.2	2	4	0.2	1.8	1.3	0.1	1
Flax&hemp	13	0.6	18	18	0.7	20	21	0.8	21	22	0.8	20	11	0.5	13	5	0.3	7	4.7	0.4	8
Woollen yarn	27	1.2	1.5	30	1.2	1.4	35	1.4	1.7	68	2.4	3.5	60	2.5	3.7	49	2.6	3.8	24.1	2.2	2.1
Cotton yarn	16	0.7	2.4	10	0.4	1.5	9	0.4	1.4	8	0.3	1.5	9	0.4	1.8	4	0.2	0.7	4.2	0.4	0.9
Woollen piece goods	14	0.6	0.6	15	0.6	0.7	19	0.8	0.9	44	1.6	2	30	1.3	1.4	27	1.4	1.8	6.5	0.6	0.6
Cotton piece goods	41	1.8	4.1	51	2.0	5.4	34	1.4	3.4	34	1.2	3.2	20	0.8	1.8	13	0.7	1.4	4.9	0.5	0.7
Apparel&footwear	7	0.3	0.3	6	0.2	0.4	7	0.3	0.4	14	0.5	0.6	10	0.4	0.3	23	1.2	1.8	20.2	1.9	2.4
Millinery	2	0.1	-	1	-	-	2	0.1	-	3	0.1	-	3	0.1	-	2	0.1	-	1.3	0.1	0.1
Wood manufactures	32	1.4	69	41	1.6	63	46	1.9	72	57	2	71	44	1.8	63	32	1.7	51	21.9	2.0	41
Rails	22	1.0	39	50	2.0	97	47	1.9	88	64	2.3	117	95	3.9	235	96	5.1	273	35.5	3.3	98
Iron&steel, sheets etc.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	32	1.7	46	13.9	1.3	21
Hollow-ware, iron pipes etc.	16	0.7	27	25	1.0	40	37	1.5	60	46	1.6	67	42	1.7	55	.	.	.	.	.	.
Iron manufactures, other	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	7	0.4	10	3.2	0.3	5
Zinc manufactures	13	0.6	19	19	0.8	12	16	0.6	12	19	0.7	14	12	0.5	13	174	9.3	600	106.2	9.8	386
Other articles	138	6.1	706	132	5.2	1121	132	5.2	990	212	7.5	917	203	8.5	650						
Total	2253	100	22304	2516	100	20356	2508	100	20424	2813	100	21038	2433	100	18922	1879	100	18703	1083.8	100	13504

I/International Trade Statistics./League of Nations/.

2/In thous.heads.

3/Replaced from 1933 by position:"Other mineral oils&products of "

4/Till 1933 inclusive as one position:"Rails &iron manufactures".

1933			1934			1935			1936		
Value	Weight		Value	Weight		Value	Weight		Value	Weight	
..... %		 %		 %		 %		
I.3 0.1 2			2.2 0.2 7			4.3 0.5 15			3.4 0.3 10		
I22 12.2 407			I7.5 1.8 155			I6.0 1.7 151			26.1 2.5 197		
I0.1 1.1 1888			8.7 0.9 1667			6.3 0.7 1426			10.2 1.0 1344		
83.6 8.7 50			59.3 6.1 31			54.5 5.9 32			64.3 6.3 37		
33.6 3.5 24			23.5 2.4 21			26.8 2.9 23			27.7 2.7 24		
73.5 7.7 605			I25.5 12.9 1012			I40.1 15.1 1128			I64.8 16.0 1232		
I8.7 1.9 114			I2.7 1.3 101			I2.4 1.3 107			7.4 0.7 62		
42.6 4.4 190			44.3 4.5 123			46.4 5.0 123			92.6 9.0 163		
8.5 0.9 81			7.0 0.7 78			7.6 0.8 91			4.6 0.4 48		
			I3.2 1.4 4.9			I6.1 1.7 6.7			I7.1 1.7 4.3		
33.5 3.5 19											
32.8 3.4 58			24.1 2.5 24.4			18.3 2.0 20.6			24.0 2.3 31.2		
24.8 2.6 664			35.0 3.6 830			28.1 3.0 709			25.9 2.5 486		
I03.3 10.8 986			II4.9 11.8 1098			93.9 10.2 953			I04.1 10.1 1122		
I7.9 1.2 60			I3.9 1.4 77			I5.8 1.7 99			22.1 2.2 140		
32.2 3.4 68			26.7 2.7 67			23.0 2.5 59			25.6 2.5 65		
I7.6 1.8 155			I6.4 1.7 148			I2.5 1.4 118			I2.5 1.2 120		
I2.1 1.3 22			I2.2 1.3 29			9.5 1.0 21			5.7 0.6 4.9		
I72.8 18.0 9274			I69.4 17.4 10251			I40.7 15.2 9217			I41.0 13.7 8724		
I.7 0.2 1.5			I.5 0.2 1.2			2.1 0.2 1.3			20.9 0.3 1.2		
3.5 0.4 7			5.3 0.5 8			I5.3 1.7 14.7			24.1 2.3 22.8		
I4.4 1.5 1.4			II.1 1.1 1.1			II.5 1.2 0.3			I0.0 1.1 1.2		
3.1 0.3 0.9			2.9 0.3 0.8			I.2 0.1 0.4			I.0 0.1 0.4		
6.1 0.6 0.8			I0.8 1.1 2.1			9.9 1.1 2.1			II.6 1.1 2.5		
3.9 0.4 0.7			3.2 0.3 0.6			2.2 0.2 0.6			3.6 0.4 0.8		
20.2 2.1 2.6			I4.6 1.5 2.0			I5.3 1.7 2.0			I2.6 1.2 2.1		
I.1 0.1 0.1			0.3 0 -			- - -			0.6 0.1 0.1		
25.4 2.6 64			27.6 2.8 55			33.4 3.6 69			37.8 3.2 69		
54.8 5.7 193			I3.7 1.4 39			I0.7 1.2 31			I3.0 1.3 50		
			I3.1 1.3 63			I0.2 1.1 49			7.0 0.7 27		
I6.2 1.7 29			23.0 2.4 37			I8.1 2.0 37			9.1 0.9 29		
			20.4 2.1 53			I7.9 1.9 48			I3.0 1.3 25		
2.8 0.3 5			2.4 0.2 5			2.9 0.3 7			3.8 0.4 8		
81.3 8.5 319			98.9 10.2 402			I01.6 11.1 451			I01.1 9.9 455		
			I4565			925 100 13442			I026.2 100 12958		
959.6 100 12986			975.3 100								

!APPENDIX No 8.

List of commercial treaties, conventions, agreements etc. concluded by Poland with other countries during the period 1918-1939.

Date on which treaty was concluded	Name of the agreement	Country with whom concluded	No of Law Journal.
1. 12. 1921 Bucharest	Commercial convention	Rumania	J.L. 1922, No 103, i. 937
2. 6. 2. 1922 Paris	Commercial convention	France	J.L. 1922, No 50, i. 442
3. 12. 5. 1922 Genova	Commercial convention	Italy	J.L. 1923, No 29, i. 181
4. 26. 6. 1922	Commercial convention	Switzerland	J.L. 1922, No 83, i. 744
5. 25. 9. 1922 Warsaw	Commercial convention	Austria	J.L. 1923, No 4, i. 19
6. 23. 10. 1922 Warsaw	Commercial convention	Kingdom of Serbes, Croates & Slovens	J.L. 1924, No 35, i. 373
7. 30. 12. 1922 Brussel	Treaty of commerce and navigation	Belgium & Luxembourg	J.L. 1923, No 166, i. 836
8. 23. 7. 1923 Lausanne	Commercial convention	Turkey	J.L. 1924, No 39, i. 409
9. 10. 11. 1923 Warsaw	Convention of commerce and navigation	Finland	J.L. 1924, No 81, i. 781
10. 26. 11. 1923 Warsaw	Treaty of commerce and navigation	United Kingdom	J.L. 1924, No 57, i. 582
11. 22. 3. 1924 Warsaw	Treaty of commerce and navigation	Denmark	J.L. 1924, No 74, i. 736
12. 22. 3. 1924 Warsaw	Treaty of commerce and navigation	Iceland	J.L. 1924, No 74, i. 734
13. 30. 5. 1924 Warsaw	Treaty of commerce and navigation	Netherlands	J.L. 1925, No 60, i. 422
14. 2. 12. 1924 Warsaw	Treaty of commerce and navigation	Sweden	J.L. 1925, No 70, i. 490

Date on which treat was con- cluded	Name of the agreement	Country with whom conclu- ded	No of Law Journal
15.7.12.1924 Warsaw	Treaty of commerce and navigation	Japan	J.L. 1925, No 5, i. 42
16.9.12.1924 Paris	Commercial convention	France	J.L. 1925, No 67, i. 468
17.10.2.1925	Commercial agreement /Modus vivendi/	U.S.A.	J.L. 1925, No 93, i. 644
18.26.3.1925 Budapest	Commercial convention	Hungary	J.L. 1925, No 93, i. 656
19.30.3.1925	Provisional agreement regulating economic relations	Czechoslo- vakia	J.L. 1926, No 81, i. 449
20.17.4.1925 Warsaw	Commercial convention	Greece	J.L. 1925, No 97, i. 683
21.23.4.1925 Warsaw	Commercial convention	Czechoslovakia	J.L. 1926 No III, i. 644
22.29.4.1925 Sophia	Provisional agreement on commerce and navi- gation	Bulgaria	J.L. 1927, No 6, i. 32
23.3.7.1925 Prague	Additional protocol to the convention from 23.4.1925	Czechoslo- vakia	J.L. 1926, No III, i. 646
24.21.4.1926 Prague	II additional protocol to the convention from 23.4.1925	" "	J.L. 1926 No III, i. 648
25.22.12.1926 Warsaw	Treaty of commerce and navigation	Norway	J.L. 1927, No 84, i. 747
26.19.2.1927 Tallinn	Treaty of commerce and navigation	Estonia	J.L. 1931, No 38, i. 298
27.19.3.1927 Teheran	Commercial convention	Persia	J.L. 1930, No 73, i. 582
28.22.12.1927 Riga	Provisional commercial agreement	Latvia	J.L. 1931, No 30, i. 209
29.9.2.1928 Warsaw	III additional proto- col to the convention from 23.4.1925	Czechoslo- vakia	J.L. 1931, No 55, i. 444
30.14.4.1928 Teheran	Protocol concerning changes of the conven- tion from 19.3.1927.	Persia	J.L. 1930, No 73. i. 582

Date on which treaty was con- cluded	Name of the agreement	Country with whom concluded	No of Law Journal
31.26.4.1928 Warsaw	Additional protocol to the convention from 22.12.1926.	Norway	J.L.1929, No 31,i.296
32.26.6.1928 Warsaw	IV additional proto- col to the convention from 23.4.1925.	Czechoslova - kia	J.L. 1931, No 55,i.446
33.8.7.1928 Warsaw	Additional protocol to the convention from 9.12.1924.	France	J.L. 1931, No 37,i.284
34.2.12.1928 Warsaw	Additional protocol to the convention from 26.3.1925.	Hungary	J.L. 1931, No 75,i.606
35.12.2.1929 Riga	Treaty of commerce and navigation	Latvia	J.L. 1931, No 31,i.217
36.24.4.1929 Paris	Commercial convention	France	Provisional application by notes ex- change. Not ratified by France.
37.5.7.1929 Tallinn	Additional protocol to the treaty of com- merce from 19.2.1927.	Estonia	J.L. 1931, No 38,i.300
38.18.9.1929 Nankin	Treaty of commerce and navigation	China	J.L.1931, No 62,i.499
39.28.12.1929 Lisbon	Treaty of commerce and navigation	Portugal	J.L. 1931, No 37,i.289
40.17.3.1930 Warsaw	Economic convention	Germany	not ratified by Germany.
41.27.3.1930 Budapest	II additional proto- col to the convention from 26.3.1925.	Hungary	J.L. 1931, No 81,i.639
42.10.4.1930 Warsaw	Convention of commer- ce and navigation	Greece	J.L. 1931, No 63,i.509
43.22.4.1930 Cairo	Provisional commer - cial agreement	Egypt	J.L. 1931, No 50,i.419
44.7.5.1930 Madrid	Convention of commer- ce and navigation	Spain	J.L. 1930 No 202/inof- fficial/
45.26.6.1930			

Date on which treaty was concluded	Name of the agreement	Country with whom concluded	No of Law Journal
45.23.6.1930 Warsaw	Convention of commerce and navigation	Rumania	J.L. 1932, No 84,i.726
46.1.7.1930 Nankin	Additional protocol to the treaty of commerce and navigation from 18.9.1929.	China	J.L. 1931, No 62,i.499
47.31.8.1930 Warsaw	Additional protocol to the commercial convention from 23.10.1922	Yugoslavia	J.L. 1931, No 57,i.461
48.4.9.1930 Warsaw	Additional protocol to the commercial convention from 19.3.1927.	Persia	J.L. 1931, No 59,i.479
49.12.1.1931 Warsaw	Agreement about tariff for carpets	Czechoslovakia	J.L. 1932, No 66,i.616
50.12.1.1931 Warsaw	Agreement about tariff for beer	" "	J.L. 1932, No 66,i.617
51.8.5.1931 Warsaw	Commercial convention	British India	J.L. 1932, No 55,i.535
52.15.6.1931 Washington	Treaty of commerce	U.S.A.	J.L. 1933, No 49,i.384
53.29.8.1931 Ankara	Convention of commerce and navigation	Turkey	J.L. 1934, No 82,i.753
54.3.2.1932 Rio de Janeiro	Provisional commercial agreement	Brazil	non published
55.20.3.1932 Tallinn	Commercial Modus Vivendi	Estonia	" "
56.12.8.1932 Paris	Additional protocol to the convention from 24.4.1929	France	Polish Monitor 1932, No 236.
57.21.3.1933 Warsaw	Agreement concerning syrup and molasses	Norway	J.L. 1934, No 77,i.721
58.10.6.1933 Brussel	Additional protocol to the treaty of commerce from 30.12.1922	Belgium and Luxembourg	J.L. 1934, No 78,i.726
59.9.10.1933 Warsaw	Tariff agreement	U.S.S.R.	J.L. 1934, No 78,i.725

Date on which treaty was concluded	Name of the agreement	Country with whom concluded	No of Law Journal
60.6.10.1933 Prague	Provisional commercial agreement	Czechoslovakia	J.L. 1934, No 73,i.697, 698
61.11.10.1933 Vienna	Commercial convention	Austria	J.L. 1935, No 2,i.11
62.21.10.1933 Warsaw	Protocol concerning commercial relations	Sweden	J.L. 1934, No 70,i.671
63.14&15.10.1933 15&30.11.1933	Exchange of notes /tariff agreements/	Germany	J.L. 1934, No 74,i.701
64.26.10.1933 Warsaw	Agreement concerning commercial travellers and their samples	United Kingdom	J.L. 1935, No 11,i.56
65.11.12.1933 Hague	Tariff agreement	Netherlands	J.L. 1935, No 79,i.489
66.10.1.1934 Kopenhagen	Protocol concerning commercial relations	Denmark	J.L. 1934, No 70,i.673
67.3.2.1934 Bern	Additional protocol to the convention from 26.6.1922.	Switzerland	J.L. 1935, No 46,i.312
68.10.2.1934	Convention of commerce and navigation	Czechoslovakia	non published
69.13&27.1.1934 10&26.2.1934	Prolongation of provisional commercial agreement from 6.10.1933 /exchange of notes/	" "	J.L. 1935, No 53,i.343
70.15&31.12.1933 15&31.1.1934 14,15&28.2.1934 2.3.1934	Prolongation of the tariff agreement from 14.10.1933 /exchange of notes/	Germany	J.L. 1935, No 53,i.342
71.7.3.1934 Warsaw	Protocol concerning economic relations with an appendix containing the veterinary provisions.	Germany	J.L. 1935, No 96,i.603
72.1.5.1934	Additional agreement to the protocol from 10.1.1934	Denmark	J.L. 1935, No 53,i.344
73.22.5.1934 Teheran	Protocol modifying provisions of the protocol from 14.4.1928.	Persia	J.L. 1935, No 45,i.303

Date on which treaty was concluded	Name of the agreement	Country with whom concluded	No of Law Journal
74.22.6.1934 Warsaw	Tariff agreement	U.S.S.R.	J.L. 1935, No 45,i.345
75.30.6.1934	Tariff protocol	Finland	J.L. 1935, No 87,i.540
76.II.I0.1934	Agreement concerning commercial exchange of goods	Germany	J.L. 1935, No 96,i.60I
77.2.II.1934 Madrid	Provisional commercial agreement	Spain	J.L. 1935, No 53,i.347
78.I.I2.1934 Warsaw	Tariff agreement	U.S.S.R.	J.L. 1935, No 53,i.346
79.I4.I2.1934 Madrid	Convention of commerce and navigation	Spain	J.L. 1936, No 35,i.273
80.8.I.1935	Tariff protocol	Norway	J.L. 1935, No 74,i.463
81.27.2.1935	Commercial convention	United Kingdom	J.L. 1935 No 59,i.380
82.27.3.1935 Warsaw	Tariff protocol	Estonia	Not known published
83.3.7.1935 Ottawa	Commercial convention	Canada	J.L. 1936 No 67 ,i.355 46
84.29.7.1935	Exchange of notes concerning the import quotas	Switzerland	J.L. 1935, No 80,i.494
85.5.9.1935 Warsaw	Additional protocol to the convention from IO.2.1934	Czechoslovakia	J.L. 1935, No 73,i.457
86.20.9.1935 Warsaw	Additional protocol to the protocol from 3.2.1934.	Switzerland	J.L. 1935, No 80,i.493
87.4.9.1935 Warsaw	Economic convention	Germany	J.L. 1935, No 83,i.512
88.2.3.1936 Brussel	Additional Protocol to the treaty from 30.12.1922	Belgium & Luxembourg	J.L. 1936, No 21,i.170

Date on which treaty was concluded	Name of the agreement	Country with whom concluded	No of Law Journal
89.3.3.1936 Warsaw	Tariff agreement	U.S.S.R.	J.L. 1936, No 21,i.171
90.13.3.1936 Warsaw	Additional protocol to the convention from 26.6.1922	Switzerland	J.L. 1936, No 34,i.263
91.14.3.1936 Warsaw	Tariff protocol	Norway	J.L. 1936, No 34,i.262
92.23.3.1936 Warsaw	Tariff protocol	Estonia	J.L. 1936, No 25,i.203
93.9.4.1936 Hague	Tariff convention	Netherlands	J.L. 1936, No 29,i.238
94.24.4.1936 Budapest	III additional protocol to the convention from 26.3.1925.	Hungary	J.L. 1936, No 44,i.325
95.25.5.1936 Warsaw	Tariff protocol	Finland	J.L. 1936, No 63,i.456
96.3.7.1936 Warsaw	Tariff protocol	Sweden	J.L. 1936, No 63,i.457
97.18.7.1936 Paris	Provisional Commercial agreement and clearing agreement	France	J.L. 1936, No 66,i.482
98.29.7.1936 Vienna	Additional agreement to the convention from	Austria	J.L. 1936, No 69,i.496
99.12.8.1936 Warsaw	Additional agreement to the convention from 10.2.1934.	Czechoslovakia	J.L. 1936, No 63,i.458
100.8.9.1936	Additional agreement to the economic convention from 4.9.1935.	Germany	J.L. 1936, No 68,i.491
101.19.10.1936	II additional agreement to the economic convention	Germany	J.L. 1936, No 83,i.572
102.19.10.1936	Clearing agreement	Switzerland	J.L. 1936, No 90,i.624
103.4.12.1936	Additional protocol to the agreement from 18.7.1936	France	J.L. 1936, No 90,i.623
104.15.12.1936	Exchange of notes concerning import quotas	Switzerland	J.L. 1936, No 91,i.633
105.15.12.1936 Paris	Agreement concerning prolongation of the agreement from 18.7.1936.	France	J.L. 1936, No 94,i.657

Date on which treaty was concluded	Name of the agreement	Country with whom concluded	No of Law Journal
Io6.21.12.1936 Warsaw	III additional agreement to the economic convention and clearing arrangement.	Germany	J.L. 1936, No 94,i.658 J.L. 1937, No 4,i.35
Io7.31.12.1936 Bern	Additional protocol to the convention from 26. 6. 1922 and clearing arrangement.	Switzerland	J.L. 1937, No21,i.132, No31,i.245
Io8.7.1.1937 Brussel	Additional protocol to the commercial treaty	Belgium & Luxembourg	J.L. 1937, No 7,i.57
Io9.30.1.1937	Exchange of notes concerning changes in the list of goods annexed to the commercial agreement from 27.2.1935.	United Kingdom	J.L. 1937, No 13,i.91
II0.13.2.1937	Clearing agreement	Rumania	J.L. 1937, No 11,i.78
III.18.2.1937 Prague	Additional protocol to the commercial convention	Czechoslovakia	J.L. 1937, No 14,i.94
II2.20.2.1937 Warsaw	Prolongation of the economic convention	Germany	J.L. 1937, No 14,i.93
II3.23.2.1937 Tallinn	Tariff protocol	Estonia	J.L. 1937, No 18,i.118
II4.6.3.1937 Bagdad	Provisional commercial agreement	Irak	J.L. 1937, No 42,i.330& 331
II5.17.3.1937 30.4.1937 14.5.1937	Exchange of notes - prolongation of the provisional commercial agreement	France	J.L. 1937, No 24,i.154 No 37,i.279 No 42,i.332
II6.22.3.1937	Exchange of notes - tariffs for tyres	United Kingdom	J.L. 1937, No 29,i.219
II7.3.4.1937	Clearing agreement	Yugoslavia	J.L. 1937, No 27,i.204
II8.22.5.1937 Paris	Clearing agreement	France	J.L. 1937, No 50,i.386
II9.22.5.1937 Paris	Treaty of commerce and navigation	France	J.L. 1937, No 54,i.423

Date on which treaty was concluded	Name of the agreement	Country with whom concluded	No of Law Journal
I20.29.5.1937 Tallinn	Additional tariff protocol	Estonia	J.L. 1937, No 49,i.377
I21.5.6.1937	Clearing agreement	Italy	J.L. 1937, No 42,i.336
I22.18.6.1937	Exchange of notes-tariffs for cheese	Norway	J.L. 1937, No 55,i.428
I23.30.6.1937 Warsaw	IV additional protocol to the commercial convention	Hungary	J.L. 1937, No 55,i.427
I24.30.6.1937 Bern	Additional agreements to the commercial convention and the clearing agreement	Switzerland	J.L. 1937, No 62,i.483, i.484. No 78,i.569.
I25.17.7.1937	Exchange of notes-tariffs for cheese	Finland	J.L. 1937, No62,i.485.
I26.31.7.1937	Exchange of notes-reductions of duties for chemical articles	United Kingdom	J.L. 1937, No 67,i.508
I27.30.9.1937 Warsaw	Arrangement concerning changes in the commercial agreement from 27.2.1935.	" "	J.L. 1937, No 78,i.570,
I28.14.10.1937 Warsaw	Arrangement concerning the duties for textile machinery	United Kingdom	J.L. 1937, No 84,i.609,
I29.15.12.1937 Warsaw	Tariff agreement	U.S.S.R.	J.L. 1937, No 90,i.645,
I30.10.9.1937	Arrangement concerning the tariff protocol from 14.2.1936.	Norway	J.L. 1938, No 81,i.550 i.551
I31.28.12.1937	Tariff protocol /chemical articles/	Switzerland	J.L. 1938, No 11,i.75
I32.29.12.1937	Clearing agreement	France	J.L. 1938, No 14,i.97
I33.11.1.1938	Clearing agreement	Turkey	J.L. 1938, No 4,i.28
I34.31.1.1938	Tariff arrangement	Finland	J.L. 1938, No 17,i.126.
I35.9.2.1938	Additional protocol to the commercial convention from 23.6.1930	Romania	J.L. 1938, No 41,i.336

Date on which treaty was concluded	Name of the agreement	Country with whom concluded	No of Law Journal
I36.I9.2.I938	Tariff protocol	Estonia	E.L. 1938, No 21,i.175
I37.21.2.I938	Additional protocol to the convention	Czechoslovakia	J.L. 1938, No 14,i.98
I38.5.3.I938	Tariff protocol	Latvia	J.L. 1938, No 26,i.235
I39.5.3.I938	Arrangement concerning certain duties	Sweden	J.L. 1938, No 29,i.261
I40.11.3.I938	Additional protocol to the convention of commerce and navigation	Greece	J.L. 1938, No 29,i.260
I41.10.3.I938	Tariff protocol - duties for cheese	Finland	J.L. 1938, No 26,i.234
I42.25.3.I938	Arrangement concerning certain duties	Switzerland	J.L. 1938, No 33,i.291
I43.22.4.I938	Additional protocol to the protocol from I9.2.I938	Estonia	J.L. 1938, No 39,i.327
I44.15.6.I938	Arrangement concerning duties on chemical articles	United Kingdom	J.L. 1938, No 48,i.381
I45.30.6.I938.	V protocol to the commercial convention	Hungary	J.L. 1938, No 55,i.435
I46.1.7.I938	Additional arrangements concerning the economic convention & clearing agreement	Germany	J.L. 1938, No 62,i.478 No 81,i.552
I47.18.7.I938	Tariff protocol - duties on cheese	Finland	J.L. 1938, No 63,i.482
I48.22.7.I938	II additional protocol to the commercial convention	Rumania	J.L. 1938, No 64,i.485
I49.19.9.I938	Exchange of notes - reductions of duties	Japan	J.L. 1938, No 77,i.532
I50.23.12.I938	Arrangement concerning duties on chemical articles	Switzerland	J.L. 1939, No 17,i.101
I51.31.8.I938	Treaty of commerce	Argentina	J.L. 1939, No 2,i.45

Date on which treaty was concluded	Name of the agreement	Country with whom concluded	No of Law Journal
I52.3.1.1939	Arrangement concerning certificates of origin	Switzerland	J.L. 1939, No 1, i. 2
I53.19.1.1939	Commercial agreement	Lithuania	J.L. 1939, No 5, i. 26
I54.19.1.1939	Tariff protocol	Lithuania	J.L. 1939, No 5, i. 27
I55.24.1.1939	Tariff protocol	Estonia	J.L. 1939, No 24, i. 156
I56.9.2.1939	Arrangement concerning duties on chemical articles	United Kingdom	J.L. 1939, No 19, i. 127
I57.29.2.1939	Commercial agreement	U. S. S. R.	J.L. 1939, No 24, i. 153, i. 154.
I58.22.2.1939	Arrangement concerning France the prolongation of the clearing agreement	France	J.L. 1939, No 16, i. 96
I59.23.2.1939	Clearing arrangement	Switzerland	J.L. 1939, No 17, i. 100
I60.24.3.1939	Additional arrangement to the economic convention	Germany	J.L. 1939, No 24, i. 155
I61.27.4.1939	Additional arrangement to the treaty of commerce and navigation	France	J.L. 1939, No 40, i. 264
I62.11.5.1939	Clearing agreement	France	J.L. 1939, No 45, i. 293
I63.3.6.1939	Tariff arrangement	Finland	J.L. 1939, No 50, i. 321

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- S. Rutkowski. Dispersion of Baltic and Scandinavian foreign trade ./Baltic and Scandinavian countries - quarterly review . 1938. Vol. IV. Baltic Institute. Gdynia/.
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- 1/. Bertoni K. Les traits essentiels de la politique économique de la Pologne.
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IV IV.Statistical publications.

International Trade Statistics.League of Nations. 1926-1939.

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Foreign Trade Statistical Yearbook of Poland.

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/Two latter for all tables and data without mentioned sources/.